Austria	Sch22	Indonesia	Rp3700	Oman	Or1		
Bahrain	Din0.700	Iran		Pakistan	Rs20		
Belgium	BFr50	Israel	Shk3.00	Philippines	Peso40		
Cyprus	C£0.85	Italy	L1700	Portugal	Esc140		
Denmark	DKr11.00	Jordan	Fils500	Qatar	Qr9.50		
Egypt	E£2.25	Kuwait	Fils.500	S.Arabia	Rls7.00		
Finland	Fmk7.50	Lebanon	L£800.00	Singapore	S$4.10		
France	FFr7.00	Lux	LFr50	Spain	Pta140		
Germany	DM2.50	Malaysia	Rin4.25	Sweden	SKr10		
Greece	Dr120	Morocco	Dh8.50	Switz	SFr2.40		
Hong Kong	HK$12	Neth	Fl3.00	Thailand	Bht50		
Iceland	Kr125	Nigeria	Naira	Tunisia	Din0.800		
India	Rup15	Norway	NKr11.00	Turkey	L1500		
				UAE	Dh7.00		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,879 — Tuesday June 27 1989 — D 8523A

FOREIGN AFFAIRS

The rebirth of Central Europe

Page 18

World News

Navy admits N-arms on stricken Soviet sub

The safety record of the Soviet Navy and its large fleet of nuclear-powered vessels has become a focus of international concern following an accident aboard one of its cruise missile submarines off northern Norway.

The Soviet Navy last night confirmed that there were nuclear weapons on board but said they were safe. The submarine's reactor had broken down and it was struggling back to its base on the Kola Peninsula. Page 21

Uno under pressure

Japan's ruling Liberal Democratic Party seemed to be preparing to abandon Prime Minister Sousuke Uno after a double shock - a severe by-election defeat and the public appearance of a woman who claims he paid her to be his mistress. Page 21

Soviet clears agenda

The two chambers of the new Supreme Soviet, the standing parliament of the USSR, approved a mammoth agenda of legislation to be enacted in its first month including a draft law on changing taxation procedures. Page 2

Oil insurance urged

The Administration of US President George Bush will press for international action to provide insurance against oil spills as well as legislation to assist clean-ups. Page 6

India protest arrests

Hundreds of opposition leaders were arrested in India on the 14th anniversary of Mrs Indira Gandhi's period of emergency rule for demonstrating against the Government. Page 4

Athens pact sought

Greece's acting Socialist Prime Minister, Mr Andreas Papandreou, continued efforts from his Athens hospital bed to form a coalition government with the opposition Communists. Page 2

Iran plans reactors

Iranian Prime Minister Hussein Musavi has reportedly said Iran plans to build nuclear reactors "for peaceful purposes". Page 4

Plebiscite ruled out

Carlos Menem, who takes over as Argentina's President in July, has ruled out a national plebiscite on whether to grant an amnesty to armed forces members charged with human rights abuses. Page 6

Warsaw prices move

A mounting budget deficit and fast emptying shelves in the shops are forcing the Polish Government to tackle the problem of putting up food prices. Page 3

Nyers freedom claim

Rezso Nyers, the new Hungarian leader, cast aside what he called the old concept of socialism and said that Hungary was the first East bloc country to recognise Western concepts of freedom. Page 3

Piracy charges

Four Thai fishermen have been arrested for killing about 130 Vietnamese boat people in a pirate raid.

Robin's nest ablaze

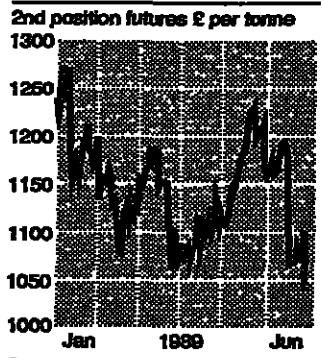
Thieves Wood in Sherwood Forest in the English Midlands, where the legendary outlaw Robin Hood was said to have had his hide-out, was destroyed by fire.

Business Summary

Sony plans to fund growth with $1.55bn share issue

SONY, Japanese consumer electronics maker, is to raise about Y220bn ($1.55bn) next month in a share issue designed to fund the expansion of semiconductor production by subsidiaries in Japan and to expand its television interests in the US, including, perhaps, further investment in the development of high-definition television. Page 21

COFFEE: Deepening gloom about the outlook for the International Coffee Agreement sent prices for the commodity down to 9½-month lows on the London Futures and Options Exchange. The September futures position in London at £1,043 a tonne, down £41 on the day. Commodities, Page 32



KLM ROYAL Dutch Airlines, which is involved in a $4.05bn tender offer for Northwest Airlines, will own about 10 per cent of the US airline but will have only 4.9 per cent of the voting rights if the bid succeeds. Page 23

EX-CELL-O, West German machine tool manufacturer, is to become the first German company to be quoted on the stock market after a management buy-out. Page 21

UK Takeover Panel has ruled out any change in "trigger level" at which the acquisition or build-up of a stake in a UK company obliges the holder to launch a full bid. Page 20

BOEHRINGER MANNHEIM, West German pharmaceuticals company, agreed to buy Toho Pharmaceutical Industries, Japanese drugs concern, in a rare corporate acquisition by a foreign company in Japan. Page 24

PETROBRAS, Brazil's national oil company, has said it will freeze its investment budget at $2bn this year unless the government permits retail price increases for its products. Page 23

TAMPELLA, Finnish engineering and forest products group, is to acquire the Italian packaging company Carta Cartoni Cellulosa Group (CCC) for an undisclosed sum. Page 22

VNU, the Netherlands' largest publisher, announced that it had sold three electronics magazines in the US with a combined turnover of Fl 50m ($25m). Page 22

HONG KONG is to continue its fight against anti-dumping duties imposed on exports of video cassette tapes. Page 4

TWO companies in the Mitsui group are paying about £135m ($209m) for an office development still under construction in central London. Page 8

TATA Engineering and Locomotive Company (Telco), India's second-largest private sector company, consolidated its position in the light commercial vehicle market with 23 per cent share. Page 24

STOREBAELT, Danish state-owned bridge construction company, signed a DKr3.15bn ($410m) bridge building contract with an international consortium in the face of a protest from the European Commission. Page 6

Thatcher fails to halt moves towards EC economic union

By Our Foreign and Political Staff in Madrid

A MAJORITY of the European Community's 12 member states last night seemed to be heading towards a commitment to the Delors plan for economic and monetary union. This was despite strong resistance from Mrs Margaret Thatcher, the British Prime Minister.

After four hours of fierce debate at the meeting of heads of government in Madrid, a majority led by France and West Germany emerged in favour of an early decision to call an inter-governmental conference to reshape Community monetary institutions.

Such a meeting would be charged with revising existing EC treaties to implement the phased movement to monetary union outlined in the report prepared by the committee headed by European Commission President Jacques Delors. The report was formally presented at the summit yesterday.

A conference could be called by majority decision. But any decisions on treaty changes could not be taken without Britain's approval because unanimity is required.

The Spanish presidency was last night trying to draft a compromise form of words that would link the general agreement among the Twelve on starting a new phase of greater monetary co-operation in mid-1990 with preparatory work on further stages of the Delors report requiring treaty revision.

Mrs Thatcher sought to head off any deal that would lead to automatic advance to monetary union. She refused to accept the full Delors prescription for a single central banking system and eventual single currency.

In what she termed a positive contribution to the summit, she set out the conditions under which the UK would take sterling into the European Monetary System's exchange rate mechanism.

Accepting the first stage of the Delors report, she said Britain could take up full membership of the EMS when UK inflation had fallen, the single market had been completed, and when capital and other financial markets had been fully liberalised.

Her statement gave no date for entry and left the impression she remains unenthusiastic about such a move before the next British general election due by mid-1992.

Most, but not all, other leaders were unimpressed by her attempts at conciliation. President François Mitterrand of France ignored her conditional offer to take sterling into the EMS fully, and virtually *accused the UK leader of trying* to backtrack on broader political commitments made a year ago at Hanover, when the Delors committee was set up.

"The ideological debate is now open," he said. "We must take political decisions," stressing that the 12 governments should convene a conference. Treaty revision is required for any change in EC monetary institutions.

Chancellor Helmut Kohl of West Germany effectively lent his weight to an inter-governmental conference, on two conditions. The conference should start only after stage one had started on July 1 1990, timed to coincide with removal of all capital controls in the eight richest EC states. Preparations for stages two and three would also have to be "sufficiently far advanced" for substantive negotiations.

While Mrs Thatcher was alone in opposing a firm commitment to monetary union, *some other countries were disinclined* to hurry into treaty revision.

Mr Poul Schlüter, the Danish Prime Minister, described his position as being "somewhere in between" Mrs Thatcher's and the unreservedly pro-Delors majority. The Dutch and Luxembourg leaders also expressed concerns about ill-prepared haste.

Mrs Thatcher expressed *her* belief that the UK parliament would not accept the transfer of sovereignty involved in centralised co-ordination of economic and fiscal policy. She believed other leaders could have similar problems with their legislatures.

Background, Page 2


EC summit host Felipe Gonzalez, Prime Minister of Spain, greets West German Chancellor Helmut Kohl (above) and French President François Mitterrand (below) in Madrid yesterday

Bond is found 'unfit' for TV, radio licences

By Bruce Jacques in Sydney

MR ALAN BOND, the Australian businessman, yesterday received severe rebukes to his business interests and reputation from two Australian regulatory bodies in the latest blows to his plans to develop his international brewing and media operations.

In a long-awaited decision, the Australian Broadcasting Tribunal, which oversees the government's media policies, found that Mr Bond was not a fit and proper person to hold broadcasting licences.

And the Australian Stock Exchange suspended shares in Bell Resources, a 58 per cent controlled offshoot of Bond Corporation, over a A$3.5bn ($2.7bn) brewery deal.

The moves come as Mr Bond is attempting to reduce group borrowing, which stands at A$6bn, through a series of major asset disposals including the sale on international property assets and a 20.4 per cent stake in Lonrho, the UK-based conglomerate. Mr Tiny Rowland, chief executive of Lonrho, is preparing this week to unleash another severe attack on the Bond group, having earlier claimed that it is "technically insolvent."

Mr Bond immediately attacked the Tribunal decision, pledging to pursue every avenue to clear his name through a lengthy appeals process. Mr Warren Jones, the chairman of Bond Media, a 53 per cent controlled Bond Corporation subsidiary, added that it was an interim decision and did not affect the group's licences.

The Tribunal indicated it would refer the matter to the Federal Court for determination of possible penalties against Bond Corporation and offered a two-week period for further discussion on the implications of yesterday's decision.

The Tribunal's finding followed more than a year of hearings into a number of matters, including a defamation settlement between Mr Bond and Sir Joh Bjelke-Petersen, the former Queensland Premier, and alleged threats by Mr Bond against Australia's biggest investor, the AMP Society.

The finding severely criticised Mr Bond's conduct and also rejected his offer to dissociate himself from the running of his media empire. This has been Mr Bond's main tactic to avoid an adverse finding. He had offered to appoint an outside chairman and refrain from involvement in running Bond Media.

But the Tribunal found that Mr Bond's position in his corporate structure allowed him to be involved in matters affecting its broadcasting interests. "The lack of association with Mr Bond and the two corporations he controls with the proposed restructured board does not avoid the fact that Mr Bond, by virtue of his shareholding, remains in control of the company," the judgment said. "Apart from this we have little confidence, in view of the evidence we have heard in this inquiry, in the notion that Mr Bond would not ultimately prevail in any significant area where his overall interests were involved."

Mr Bond said last night he was surprised that the Tribunal rejected his undertakings on dissociation. "We took advice in relation to the undertakings with a view to reaching a commercial decision," he said. "This was done so that the matter could be resolved in *the best interests of our shareholders* and thousands of staff.

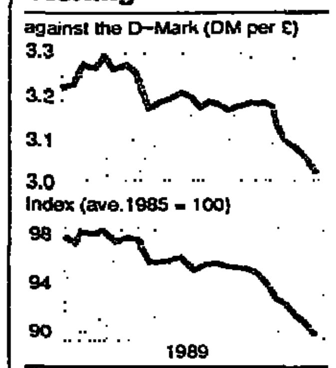
"As the undertakings were not accepted, it seems inevitable that the law will have to run its lengthy and expensive course, with the Administrative Appeals Tribunal rehearing the whole matter again, and also probable Federal Court proceedings.

"We have a total commitment to electronic broadcasting in Australia and overseas. No effort will be spared to have this matter resolved in the best interests of Bond Corporation and, in turn, the shareholders in Bond Media." Mr Jones said there were 11,000 shareholders in Bond Media whose interests needed protecting. "The question must be asked – why penalise *11,000 shareholders* because of the action of one, when, in effect, that shareholder has undertaken that there will be no management participation by him, and that the board of the company will remain completely independent from him?"

On the Bell Resources matter, the Australian Stock Exchange said the suspension was because the market in the company's shares was uninformed. The exchange had earlier sought undertakings from both Bell Resources and Bond Corporation that they would comply with disclosure requirements on their proposed brewery deal.

Background, Page 21

Sterling



Pound falls despite repeated intervention

By Simon Holberton, Economics Staff, in London

PRESSURE for a rise in British interest rates increased yesterday as the pound weakened in trading on the foreign exchange markets despite repeated intervention by the Bank of England.

Sterling has depreciated by 4 per cent against the country's major trading partners since Mr Nigel Lawson, Chancellor of the Exchequer, ordered a 1 percentage point rise in base *rates to 14 per cent on May 24.* The pound has fallen by 8 per cent this year.

The market exhibited all its usual nervousness before the release of monthly trade figures – May's figures are due this morning – but was further unsettled when it became clear that Britain's full membership of the European Monetary System had been pushed further into the future.

The pound closed at 89.7 on the Bank's trade-weighted sterling index, compared with 90.3 on Friday, and below the 90 point level seen as a trigger for the next interest rates rise.

This level is based on the assumption that the Treasury raises interest rates by one percentage point for every 4 per *cent depreciation in the pound* – a mechanistic approach it has always denied.

In Madrid, Mrs Margaret Thatcher, the Prime Minister, appeared to make only limited concessions to her fellow European Community political leaders assembled for their half-yearly summit. Her conditions for entry imply membership of the EMS's exchange rate mechanism after January 1993.

Analysts said yesterday that the pound's steady decline has taken it close to, or past, the level at which they think authorities will raise interest rates and again raised doubts about the Chancellor's stated policy of not allowing the currency to depreciate.

World Bank yields to pressure and defers loans to Peking

By Peter Riddell, US Editor, in Washington

THE WORLD BANK is to defer consideration of several new loans totalling $780m to China, though it will continue to disburse money under programmes already committed.

The bank's decision yesterday follows strong pressure from the US and other industrialised nations which are shareholders in the World Bank. These countries want new loans postponed as a protest over the arrest and execution by the Chinese *authorities of pro-democracy demonstrators.*

The deferral will affect seven new loans, including those for an urban project in Shanghai and a new transport scheme.

However, the bank already has a number of large-scale commitments in China which will not be affected. These total around $3.2bn, of which $1.49bn has still to be disbursed. In addition, the International Development Agency, the bank's concessionary loan subsidiary, has commitments amounting to $4.7bn to China, of which $2.9bn has not yet been disbursed.

The World Bank's decision therefore represents a careful balancing act between the concerns of its major shareholders and its reluctance to break off relations with China.

This was reflected in the wording of its statement which said that the bank, "in consultation with the Chinese authorities has decided to defer consideration of several loans pending before the bank's board of executive directors. The timing of discussion on such loans will be kept under review and determined in consultation with the Chinese authorities."

This approach avoids a possibly divisive vote on the bank's board. Such a deferral has occurred before when there have been political upheavals as, for example, in Latin America.

The decision followed a report by Mr Javid Burki, the director of the World Bank's China department, who was in Peking and other Chinese cities last week to assess the situation.

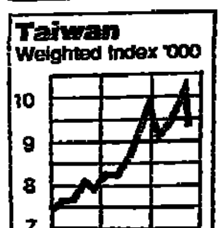
The key influence was strong political pressure, particularly from the US, the bank's largest shareholder, which last week urged "a postponement of consideration of loan applications in international organisations, at least for the time being."

By chance, Mr Barber Conable, the World Bank's president, last week had lunch at the White House with President George Bush, an old friend.

Mr Bush's approach has been to signal strong disapproval of the Chinese crackdown by suspending military sales and all high-level government-to-government contacts but not to interrupt existing trade and economic relationships. Democrat leaders in Congress have urged the President to speak out more clearly on the issue.

Japan has suspended its new development and other assistance to China.

MARKETS



INTEREST RATES
US lunchtime
Federal Funds 9⅞% (9½)
3-mth Treasury Bills: yield: 8.396% (8.329)
Long Bond: 106 (107½)
yield: 8.148% (8.191)
London
3-month interbank: close 14⅛% (14⅛)

STERLING
New York lunchtime
$1.5380 (1.5655)
London:
$1.5450 (1.5670)
DM3.0225 (3.0375)
FFr10.2550 (10.3075)
SFr2.6025 (2.6075)
Y217.50 (216.75)

DOLLAR
New York lunchtime
DM1.9630 (1.943)
FFr6.6565 (6.596)
SFr1.6925 (1.6665)
Y141.43 (138.40)
London:
DM1.9570 (1.9390)
FFr6.6375 (6.5775)
SFr1.6840 (1.6640)
Y140.80 (138.40)

GOLD
New York latest
Comex August $376.5 (381.8)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av. 2,518.78 (-13.09)
S&P Comp 302.98 (-0.48)
London:
FT-SE 100 2,179.6 (+12.1)
World: 144.97 (Fri)
Tokyo
Nikkei Ave $3,625.82 (+95.11)
Frankfurt
Commerzbank 1,844.8 (+0.3)

OIL
Brent 15-day (Argus) $18.05 (+0.10) (July)
West Tex Crude $20.125 (+0.58) (August)

CONTENTS

Considering a change of heart at the British Bar

The Lord Chancellor, Lord Mackay, is understood to be reconsidering his controversial proposals for reform in the legal system - proposals that would end the barristers' monopoly *on rights of audience* in the higher courts. Page 19

The Madrid summit of EC government leaders witnesses a change of tactics by the UK in opposing the Delors report

Thatcher ceases to thump the table over monetary union

By Philip Stephens, Political Editor, in Madrid

MRS Margaret Thatcher, according to her aides, came to the European Community's Madrid summit in a "constructive, positive" mood. She also arrived ready to stage a retreat.

As the summit leaders prepared yesterday to take the first step on the road which most of them expect to lead to full economic and monetary union, there was a marked change of tactics in the British camp.

There was none of the "table-thumping" which has characterised the Prime Minister's performances at many previous summits. She was determined to make her views heard but the tone was to be conciliatory.

The Delors report, foreshadowing a three-stage move to economic union, was not – as in the days immediately following its publication two months ago – condemned out of hand. Instead Mrs Thatcher praised it as a "valuable analysis" which showed how "fundamental" (a codeword for undesirable) were some of the implications of the later stages.

She underlined Britain's commitment to implementation from mid-1990 of the measures outlined in the first stage of the report, strengthening economic and monetary policy co-ordination within existing institutions. She was "fully behind" most of the proposals in that stage, particularly those liberalising of financial and capital markets.

Britain was also ready to reformulate its long-standing position that it would take sterling into the European Monetary System's exchange rate mechanism "when the time was right".

Mrs Thatcher set down conditions which, once met, would provide the background for a decision to join.

Aside from the assumption of a sharp fall in Britain's inflation rate, they include the completion of the single European market, the abolition of all exchange controls, the full implementation of a free market in financial services and the strengthening of the Community's competition policy.

The new formula does not mean that Mrs Thatcher has dropped her opposition to any early decision to join. She stressed that the precise timing was a matter for the British government alone and remarked ominously that sterling might still be vulnerable to oil price shocks.

In theory, her conditions would *also allow* her to delay any decision on membership beyond the next general election, due by mid-1992.

But the aim – which appears to have achieved a measure of success – was to convince her partners that at last the Government had some framework within which the decision would be taken.

In the process, Mrs Thatcher may find she has reduced her own room for manoeuvre. Assuming that Mr Nigel Lawson, the Chancellor, does manage to bring inflation down by early next year, pressure within the Cabinet and the Conservative Party for early EMS membership may well intensify.

Mrs Thatcher would vehemently deny that her stance at Madrid has been influenced by the Government's defeat in the elections to the European parliament. But she does appear to have listened to Conservative Party critics who have argued that the Conservative campaign had created a damaging perception that she was anti-European.

The more significant retreat, however, may prove to be Mrs Thatcher's, albeit reluctant, acquiescence that preparations start for the implementation of the second and third stages of the report. Though she was still holding out last night, the expectation is that the summit will give a signal that the 12 nations intend to convene, perhaps next year, an inter-governmental conference on monetary and economic union.

The insistence by Britain's partners that such a conference be held underlined their determination to maintain the link between the first stage and the much more radical second and third stages of the Delors report.

It was a link which Britain dearly wanted to break. Mr Lawson only two weeks ago denied that Britain was committed to monetary union and described much of the analysis of the latter part of the Delors report as "totally flawed".

Mrs Thatcher repeated yesterday that the centralised EC control over national fiscal policies implied by the Delors report would not be acceptable to the Westminster parliament.

The Government has had to accept, however, that many of its European partners are determined to press ahead with the process.

Mrs Thatcher's tactic now is to try to widen the discussions beyond the particular concept of monetary union drawn up by the Delors committee: to fight from the inside rather than be left behind in a two-speed Europe.

Other countries share her reservations about some of the implications of the process. But the evidence of the Madrid summit, with France and West Germany locked again in their traditional alliance, is that the momentum towards eventual monetary union may prove unstoppable. Mrs Thatcher yesterday spoke of the shared aim of greater monetary co-operation. Most of her counterparts talked about union.

EC partners cheered by UK approach

By David Buchan in Madrid

NEARLY all Mrs Margaret Thatcher's fellow EC leaders welcomed the tone of her promise to join a first stage of greater monetary co-operation, though many were disappointed she could not commit herself further.

The only threat came from President François Mitterrand who warned that if countries like the UK were not ready to go down the road to full monetary union, "we would be obliged to reconsider our position" with regard to lifting *exchange controls next summer*.

He explained that when he *agreed to join in abolishing* capital controls by July 1 next year, he had "in mind that there would be further stages towards monetary union". By yesterday evening, about half the EC states had lined up firmly in favour of the Delors report and, in particular, of the European Commission President's call for a clear political commitment to eventual revision of the EC treaties creating new monetary institutions.

They included France, Italy, Spain, Belgium and, somewhat surprisingly, West Germany. Chancellor Helmut Kohl endorsed the necessity of "a single process" leading towards monetary union.

He said that the first stage of more intensive economic and monetary co-operation should start next July – a Delors committee recommendation with which everyone including the UK agreed. But he went on to state the desirability of all EC currencies belonging fully to the European monetary system by the end of next year.

While endorsing the end goal *of monetary union*, three countries – the Netherlands, Luxembourg and Denmark – laid stress on *wanting* further detail about the second and third stages of the Delors report. This *emphasis did not* put them in the British camp but made them disinclined to hurry into treaty revisions.

An inter-governmental conference to achieve this need not even be decided, let alone launched, until the middle of next year, Mr Ruud Lubbers, Prime Minister of the Netherlands, said. His Danish counterpart, Mr Poul Schlüter, described his position as "somewhere in between" that of the UK and the unreservedly pro-Delors camp.

A trio of small countries, Ireland, Greece and Portugal, entered modest reservations. They stressed their desire for the Delors report to be adopted in its entirety, including a further increase in structural economic aid to poorer outlying *regions, something which Mrs* Thatcher spoke against yesterday.

If all countries were required to join the EMS next year, as leaders like Mr Kohl were suggesting yesterday, that would pose problems for Greece and Portugal. However, neither is committed to lift capital controls until 1994-95.

NEIGHBOURS: Spain's Gonzalez (right) welcomes Portugal's Cavaco Silva to Madrid

Spain pushes single market forward

By William Dawkins

COMPLETION of the single market plan was demanded by Mrs Margaret Thatcher yesterday as a key precondition for putting sterling into the EMS exchange rate mechanism.

She was speaking of the abolition of exchange controls due by July 1990 and of the liberalisation of financial services, an area where the Spanish EC presidency has made excellent progress in recent months.

But Britain also wants better *progress on the liberalisation* of the telecommunications and transport industries, freer public procurements and common intellectual property rules, said officials.

It could be a high price. For Community leaders were uncomfortably reminded by the European Commission yesterday that substantial political obstacles have yet to be overcome if project 1992 is to be achieved on time.

The good news is that just over half way through the eight-year programme, member states have adopted 128 of the 279 points in the plan according to a Commission report presented to *the summit yesterday*. The report was offered for incorporation into the final conclusions.

During Spain's six-month presidency final or preliminary agreement was reached on 26 barrier-breaking measures from the original internal market plan, including a common EC banking licence and rules against insider trading. Add in a number of mainly routine but related free trade proposals, not listed in the formal blueprint, and the Spanish score counts up to the mid-50s.

The numbers game can be misleading but the Spanish achievements on banking, technical standards and public procurements have left Madrid with a reputation as an efficient *and determined* EC chairman.

The bad news, says the Commission report, is that member states show a distressing tendency to drag their feet when it comes to transforming these plans into national law. Only two of the 68 internal market directives due to have been fully implemented across the EC by now have actually been turned into legislation in all 12 member states, says the report.

Moreover, it deplores the fact that governments have so far been unable to take any internal market decisions requiring unanimity mainly reserved for tax matters like VAT approximation or for some measures for the free movement of people.

UK and Spain join forces to fight drugs

By William Dawkins

BRITAIN AND Spain yesterday agreed to join forces in the battle against international drug trafficking.

Sir Geoffrey Howe, the UK Foreign Secretary, and Mr Francisco Fernandez Ordonez, his Spanish counterpart, signed the accord in the margins of the summit.

It allows police and customs authorities free access to take action against narcotics dealers on each others' territories.

The accord extends Britain's 1986 Drug Trafficking Offences Act, which allows police to trace, freeze and confiscate the proceeds of drug dealing. It gives British and Spanish police the same powers in each others' countries.

This is the first such bilateral agreement since the British act came into force, though the UK already has similar arrangements with the US, Canada, the Bahamas, Bermuda and Switzerland.

Strasbourg gives Delors plan qualified backing

By William Dawkins

THE EUROPEAN Parliament yesterday gave qualified support to the Delors committee's three-stage plan for monetary and economic union.

Lord Plumb, outgoing president of the Strasbourg Assembly, told EC leaders that the Parliament "fully supports this *objective*." *It believes* "*this is* the moment . . . to chart the way forward," he said.

But the summit should confine itself to seeking immediate agreement on phase one of the *Delors plan, he said.* This places the Parliament close to the UK-led minority advocating a cautious approach to monetary union, though Lord Plumb added that the Parliament supported "the whole and not just the part" of the plan.

Immediate agreement was needed on closer monetary co-operation within existing insti*tutional rules and the entry of* all EC currencies into the EMS exchange rate mechanism. *Decisions on details of the sec*ond and third phases for a system of European central banks and a single EC currency should be left for later.

Italian pay indexation at risk

By John Wyles in Rome

ITALIAN industrialists are expected to threaten formally today to abandon the *scala mobile* system of wage indexation unless the unions and eventually the Government join a concerted action to halt a rise in wage costs now running at an annual rate of 10 per cent.

Negotiations between leaders of Confindustria, the main representative of industry, and secretaries of the three union confederations are coinciding with a growing concern about the national inflation rate which, according to figures published at the end of last week, reached 7 per cent in June.

Mr Sergio Pininfarina, Confindustria's president, first floated the idea of renouncing the *scala mobile*, a fortnight ago in a move which he admitted was aimed at forcing the unions to concentrate on the problem of rising costs.

*Most of the main private sec*tor wage contracts come up for renegotiation from the end of the year and the employers are clearly anxious to restrain union ambitions when their pay claims are put *together in* the autumn.

The immediate problem facing Confindustria *is procedural* since the current *scala mobile* agreement is automatically renewed unless *either* employers or unions give notice of withdrawal by the end of this month. Mr Pininfarina wants the unions to agree to move this deadline until the end of October to allow time to work out the framework of what would, in effect, be a private sector wages *policy*.

The three union confederations have not yet found a common *response*, all *want* to preserve the *scala mobile* but the two smaller groups, the *Cisl and the Uil also* seem prepared to acknowledge that there is a problem of labour costs. *Cgil, the largest*, has so far refused to discuss the issue under any kind of threat *against* wage indexation.

Papandreou negotiates on new coalition from hospital bed

By Andriana Ierodiaconou in Athens

GREECE'S acting Socialist Prime Minister, Mr Andreas Papandreou, yesterday continued efforts from his Athens hospital bed to form a coalition *government with the* opposition Communists.

The Communist Alliance ran third in the June 18 general election in which Mr Papandreou's Socialist Party (Pasok) was defeated by 39 per cent to 44 per cent by the conservative New *Democracy party led by* Mr Constantine Mitsotakis.

The current Greek electoral system, however, prevented the conservatives from securing an absolute majority of seats in Parliament, plunging the country into crisis.

Mr Papandreou has been in hospital since last thursday with pneumonia, a cardiac *infection and malfunction of* the kidneys and was feared close to death in the early hours of *Sunday morning*.

Remarkably, however, he had recovered sufficiently yesterday to see *Mr Charilaos Florakis*, the Communist leader, for 25 minutes. A medical bulletin said the Prime Minister's health had improved.

Mr Florakis said after the meeting that the Alliance abided by its decision, *announced last week, to reject* a coalition with any other political force in favour of the formation of a national unity government as prescribed by the constitution under the so-called "fourth mandate". The Communists have already turned down an offer to form a coalition with New Democracy.

The Alliance leader said however, *without going into* details, that Mr Papandreou had put forward an "*interesting package of proposals*". The two sides said that these proposals would be elaborated in a second meeting today between Mr Florakis and Mr Akis Tsohatzopoulos, the acting Interior Minister, who would be representing Pasok and the Prime Minister. The *Interior Minister* is chiefly distinguished among the Socialists for his loyalty to Mr Papandreou but is not considered a party heavyweight.

It was unclear on what constitutional basis today's meeting would be taking place. The Socialists' constitutionally prescribed three-day mandate for trying to put together a viable *government officially* expired yesterday. The Communist Alliance is the next party in line for receiving the mandate.

Ryzhkov faced with dilemma on nominees

By Quentin Peel in Moscow

MR NIKOLAI Ryzhkov, the Soviet Prime Minister, today faces a novel dilemma for a Soviet leader – whether or not *to abandon* several key nominees for jobs in his new government, in the face of popular hostility, or *force* them through the parliament thanks to his guaranteed majority.

Deputies in the new Supreme Soviet and the Congress of People's Deputies have combined to reject the nominations of potentially powerful *figures in the new administra*tion - as well as three deputy presidents of the Soviet Union's Supreme Court.

The list of those who failed to pass the scrutiny of the specialist committees includes a candidate to become one of three first deputy prime ministers, the new Minister of Oil and Gas, the chairman of the powerful State Prices Committee, and the new chairman of Gosbank, the state central bank. Others are the Minister of Culture and the Minister of Sport.

The most *prominent* casualty was Mr Vladimir Kalashnikov, who as first deputy premier would have been in charge of agriculture and who is also known as a close associate of Mr Mikhail Gorbachev, the Soviet leader.

Mr Kalashnikov was accused of being a high-handed Communist Party chief in Volgograd, and unsympathetic to agricultural reform - in spite of having spent all his early career under Mr Gorbachev in his home region of Stavropol.

He was followed by Mr Gennady *Bogomyakov, another* Communist Party provincial boss, this time from the Tyumen oil and gas region of Western Siberia. He got short shrift from deputies after a scathing attack on his record on protection of the environment and social spending in Izvestia, the government newspaper.

The lowest vote of all was for Ms Lyra Rozenova, proposed by Mr Ryzhkov as the new chairman of the State *Prices Committee. After a grill*ing by the combined ranks of the Committee on Veterans and the *Committee on Labour*, Prices and Social Welfare, she won only a single vote. As *Izvestia* said in something of an understatement: "The result was not comforting to the candidate."

Mr Vladimir Gribov, a department chief in Gosplan, the feared State Planning Committee, who was supposed to become the new chairman of Gosbank, was also voted down in committee.

Two other key Gosplan officials got a grilling, but survived with a majority in favour.

The committees of the Supreme Soviet spent all last week examining the candidates, as well as nominees for the Supreme Court, and the office of the Procurator-General.

There they rejected three deputy chairmen, Mr S. Gusev, Mr R. Tikhomirnov, and Mr A. Filatov. They also refused to approve the nomination of Mr A. Vassilyev, chief prosecutor in the city of Leningrad, to become the First Deputy Procurator-General for the whole Soviet Union – *for allegedly* failing to pursue to pursue investigations into top-level *embezzlement*.

The entire process, conducted behind closed doors, *and only erratically* reported in the Soviet media, has proved far more stormy than Mr Ryzh*kov* might have expected. He has reserved the right to resubmit names to the full *Supreme Soviet* now back in session, where he finds the objections "emotional" - but also promised last week to withdraw others if the objections were convincing.

The ministerial list has borne the brunt of the rising popular frustration at the Soviet bureaucracy as a whole. So far, there have been few casualties in the topmost political leadership - Mr Gorbachev's Politburo - in spite of the fact that party and *government* are inextricable from each other.

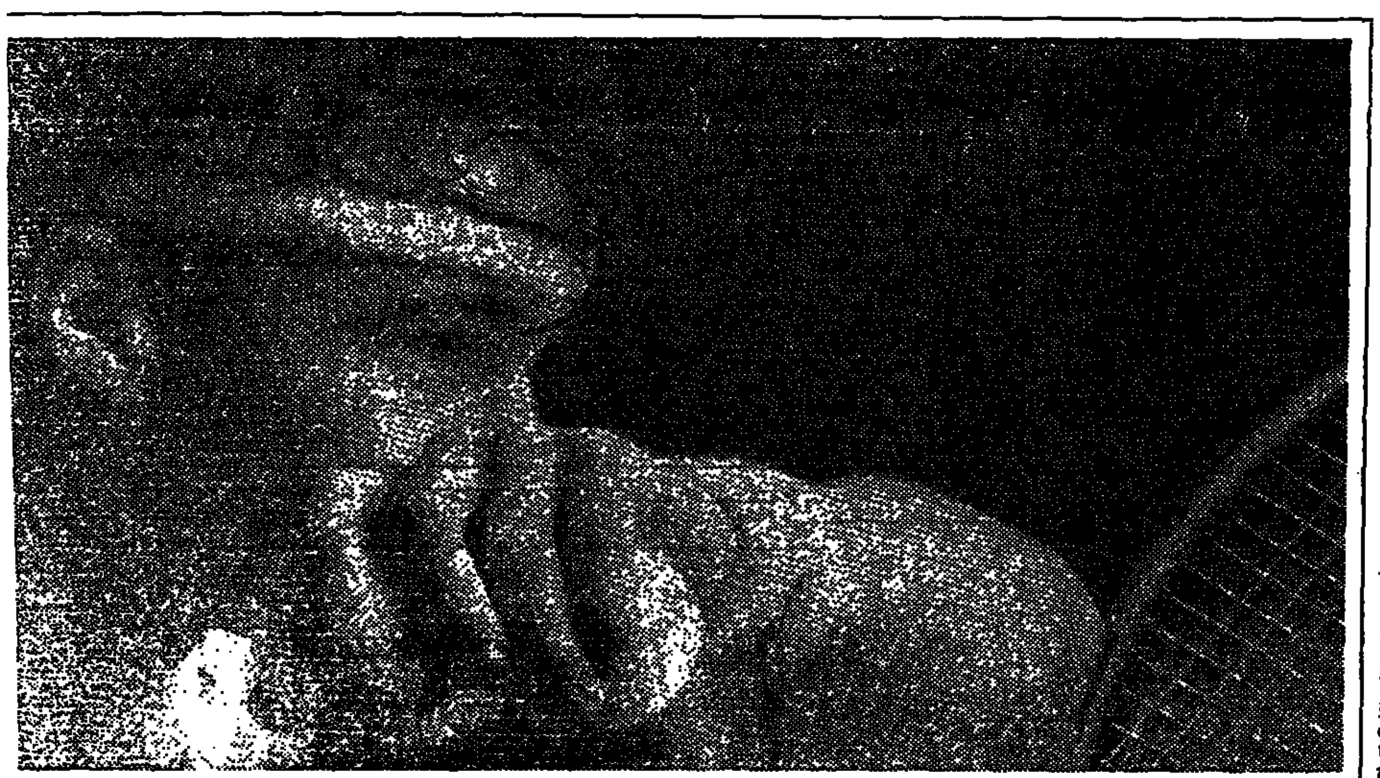
Mr Ryzhkov's original list axed 50 *ministers* from the former government, but it was sharply criticised by reformers *for still* including many long-serving apparatchiks responsible for past policies.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societats-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.



East-West talks aim to clear way for N-test pacts

By William Dullforce in Geneva

THE US and the Soviet Union are expected to resolve their remaining differences over how to monitor nuclear tests in talks which resumed in Geneva yesterday.

Agreement on methods of verification would open the way for the US Senate to ratify the 1974 Threshold Test Ban Treaty (TTBT) and the 1976 Peaceful Nuclear Explosions Treaty (PNET) which limit the size of underground nuclear explosions – the only ones still permitted.

Chances of success in the fourth round of the nuclear testing talks have been boosted by the satisfactory completion last year of two joint US-Soviet nuclear test experiments.

At these so-called joint verification explosions, one at the US test site in Nevada, the other at the Soviet site in Semipalatinsk, each side demonstrated to the other the verification techniques it was proposing.

Both agreed to negotiate protocols to the two treaties which would contain a "menu" of acceptable techniques that either side could use to measure future nuclear tests. The protocols would allow one side to attend the other's test explosions.

Mr Paul Robinson, head of the US team, said the new round of talks, which is expected to last five or six weeks, aimed at "finalising the protocol language."

There was a "high degree of confidence" on both sides that agreement would be reached.

Mr Igor Palenykh, leader of the Soviet delegation, said the two sides had already worked out a new verification mechanism for the PNET and were very close to agreeing a draft verification protocol for the TTBT.

The TTBT limits the size of underground nuclear tests to 150 kilotons. A kiloton equals the explosive force of 1,000 tonnes of TNT.

The PNET restricts the size of nuclear explosions used for peaceful purposes.

Under the Reagan Administration the US had refused to ratify the treaties until effective verification measures had been agreed.

The ultimate aim of the talks – an end to all nuclear testing – is still not within sight. The US, while acknowledging a comprehensive ban as a long-term objective, argues that testing remains indispensable to maintaining a credible nuclear deterrent.

A flawed story of Yugoslav industry

Judy Dempsey, in Velika Kladusa, looks at the Agrokomerc case

THE UNSUSPECTING traveller would be forgiven for thinking that Velika Kladusa is like any other small town in Bosnia-Hercegovina. The 12,000 strong population consists of Moslems, Serbs and Croats, the birth rate is high and many people still work on the land.

But unlike other towns in Bosnia, this one is plastered with billboards which promote just one name: Agrokomerc, the firm which boasted that it could provide any household with any ingredient for any meal from breakfast to dinner.

This vast enterprise, which until recently employed more than 13,000 people, was the pride and joy of the townspeople. But today the town is deeply divided over its loyalties to Mr Fikret Abdic, the man who founded Agrokomerc. Mr Abdic languishes in a prison not far from Velika Kladusa waiting to be tried on charges ranging from mismanagement to downright fraud. Some employees are not surprised. They recall Mr Abdic's luxurious life-style, his cars and villa on the coastal resort of Rijeka. Others are puzzled. "We never had it so good under Abdic," they say. "He turned Velika Kladusa inside-out. He is a hero."

Hero or not, Mr Abdic, like many other managers during the Tito years, ran the town like a personal fiefdom.

Back in the 1960s, most of the population earned a meagre living off the land. Mr Abdic soon changed that. He first opened up a small food-processing industry, employing just a handful of people. He gradually expanded the business. By the late 1970s, party and government officials from Belgrade would land their helicopters in Velika Kladusa to sing the praises of Mr Abdic.

Here was the future of Yugoslavia: a man who could employ 13,000 people; a firm which could export $70m worth of goods; a town which could boast full employment.

By 1983, the success story started turning sour. Officials in Sarajevo, the capital of Bosnia, began looking at the books. They found that Agrokomerc was issuing unbacked promissory notes. But little action was taken. After all, Bosnia, like other republics in Yugoslavia, was not run on the basis of public accountability but on the principle of patronage with jobs shared among the local court, police, Communist party and town council.

In the meantime, millions of these promissory notes were circulating throughout Yugoslavia. One of the representatives on Agrokomerc's workers' council recalls that during 1987, the management was filling in between 3,000 and 5,000 notes a night. The federal authorities were called in. The books were scrutinised. Mr Abdic, along with 28 people from the board of directors were arrested and over 120 others charged.

The books showed up three main faults. First, the export figures were distorted. Agrokomerc was not exporting $70m of its products as it claimed but a mere $3.5m.

Mr Abdic also overemployed. A biscuit plant was supposed to employ 15 people but Agrokomerc hired 60 people per shift. "It looked good – high employment. It meant credit from the authorities," one of the union officials commented.

Above all, Mr Abdic sold cheaply but bought expensively. Shortfalls were generally made up by issuing promissory notes. By 1987, over 50,000bn dinars ($3.3bn) of these worthless notes were circulating

Today each wage-earning citizen of Bosnia now has to pay 3 per cent extra tax into a fund to repay the promissory notes while the firm has laid off over 4,000 people. Yet despite this, there is now a campaign to free Mr Abdic and allow him return as director of Agrokomerc.

One of the men behind this campaign is Mr Sead Kajtezovic, a brother-in-law of Mr Abdic. Through cajoling, he persuaded over 4,000 employees of Agrokomerc to demand the release of their ex-boss.

At the same time, the new management under Professor Pirja Osman has plans to reorganise the company. Mr Robert Lazarevic, a member of the workers' council, reckons the new management has a good chance of turning the company around.

That, however, is exactly what Mr Kajtezovic fears. A successful Agrokomerc under new management would have no need for Mr Abdic. Already, some of the workforce are blocking the new proposals, refusing to turn up to work and bringing Agrokomerc further into debt. "That is exactly what they want," says Mr Lazarevic, adding, "that would allow them to justify the release and reinstatement of Mr Abdic as boss."

But times are changing. The new government under Mr Ante Markovic is no longer prepared to turn a blind eye to corruption and patronage.

Economists around Mr Markovic say the old system can be broken by making enterprises independent and breaking the cosy relationship between banks and businesses, whereby enterprises could set up banks and then issue themselves with new credits.

Others remain sceptical that the system can really change. They say old habits die hard in this part of the Balkans where family and local connections prevail over legality. Mr Markovic seems to know that, which is why he remains popular among those who want genuine competition and some degree of public accountability but deeply unpopular for those who long for the good life of the old days. Agrokomerc's future may well signal which side wins.

Serbia appeals to pockets of patriots

By Judy Dempsey

BANKS in the Yugoslav republic of Serbia yesterday began issuing bonds to loyal, patriotic citizens in an effort to revive the flagging economy.

Through this campaign, called Zajma, the Serbian government hopes over the next six months to raise at least $1bn and more than 2,000bn Yugoslav dinars. Officials are reluctant to specify how the money will be invested, but they claim that priority will be given to those sectors of industry which will produce the quickest return.

They also promise that none of the money will be used to prop up loss-making industries.

The bearers of the bonds, which are the brainchild of Mr Slobodan Milosevic, Serbia's populist President, will be paid interest rates above bank rates. Those who buy bonds in hard currency will receive a 2 per cent bonus.

Yesterday, as the banks opened their doors, the patriotic queues were somewhat shorter than had been expected. However, staff at Investbank in downtown Belgrade said 20 people had already bought bonds. And, in a particularly impressive gesture of loyalty, some had handed over dollars and Austrian schillings.

Their photographs may now appear in Polityka, the daily which has become a beacon of Serbian patriotism.

Banks are to set up special Zajma accounts in enterprises. The official explanation is that it will make things easier for the workforce to contribute. More sceptical Serbs believe it will exert pressure on *all* employees to do so.

Polish Government steels itself to put up the price of food

By Christopher Bobinski in Warsaw

A MOUNTING budget deficit and fast emptying shelves in the shops are forcing the Polish Government to tackle the problem of putting up food prices, even at the risk of unleashing serious unrest.

The Government must decide by how much and when to increase prices in the wake of its crushing election defeat by the Solidarity opposition which has left the future of the cabinet very uncertain.

The Council of Ministers chaired by Mr Mieczyslaw Rakowski, the Prime Minister, is due to meet tomorrow to debate the subject with Mr Ireneusz Sekula, who is responsible for the economy, urging that big rises be brought in as soon as possible.

Mr Sekula is being supported in the debate by the ministers of Agriculture and Internal Trade, both of whom see the dangers of having the market collapse. The Government is expected to seek support about tackling the problem from the representatives of the Solidarity trade union and its official counterpart, the OPZZ, and the Solidarity farmers' union at talks in Warsaw today.

Among the alternatives are raising all food prices from July 1; waiting till the beginning of August; or limiting the price rise to meat and going ahead on July 1.

The rises would mean dropping meat rationing which has been in force since the beginning of the decade. Some items could go up fourfold.

Indexation of wages to price inflation is due to begin in August. At the weekend the official unions demanded a freeze on all prices until a new Government had been installed. In the past few days the price of sugar, cigarettes and alcohol and petrol have all gone up as the Government seeks to mop up the population's excess buying power.

The budget deficit, was originally planned for the year at Zl 1,000bn (£773m), had reached Zl 3,500bn after five months partly as a result of raising prices paid to farmers in April and the increased costs of pension payments.

On the free market the cost of the dollar has risen from some Zl 4,000 at the beginning of last week to around Zl 5,500 yesterday as people sought to anticipate further price rises.

Solidarity has yet to make its position clear on price rises, as it is busy coping with the political implications of its election victory. This has left the opposition movement unwilling to participate in government and uncertain whether to go along with the election of Gen Wojciech Jaruzelski as President.

Poland's new Parliament is expected to meet on Friday to be sworn in and choose chairmen for both the Senate and the Sejm, the lower chamber. Both chambers could then meet towards the end of next week to elect the President.

On paper, the Communists and their allies have 299 deputies in both chambers, while the opposition controls 261; and in theory, Gen Jaruzelski should prevail, assuming none of the Communist party deputies decides to turn against him.

This week's meeting of the party's central committee has been put off till next week when it will be asked by the Politburo to recommend the General for the post of President.

French jobless figures fall below 10%

By George Graham in Paris

FRANCE'S unemployment rate dropped last month to 9.9 per cent, breaking into single figures for the first time since the current series of statistics has been published.

Unemployment in France has been above 10 per cent since 1985.

With 2.52m people registered as out of work, 0.7 per cent less than the previous month, the French employment figures continued the improvement of the past year.

The steady reduction in the number of jobless has been due in part to an upturn in the creation of new jobs.

Mr Jean-Pierre Soisson, the Minister for Employment, said that the figures were better than he had expected, and that the rhythm and momentum of job creation remained strong. "The statistics reflect the good health of the French economy," he said.

Mr Soisson said that he planned to continue attacking the basic problems of unemployment through economic measures, rather than through the introduction of new temporary work schemes.

"Don't count on me to create new 'parking' measures," he said.

France continues to face problems with the long term unemployed rather than with seasonal or short term unemployment.

Last month's statistics showed that the average period out of work had lengthened to 385 days from 370 days a year earlier.

SPD chief sees no chance of a sharper edge for Lance

By David Marsh and David Goodhart in Bonn

THERE WILL be no "modernisation" of the short-range Lance nuclear weapons on West German territory, believes Mr Hans-Jochen Vogel, chairman of the country's opposition Social Democratic Party (SPD). Moreover, if the SPD comes to power in the December 1990 general election, it will abandon the four-nation European fighter aircraft project.

Vogel: no EFA either

In an interview with the Financial Times, Mr Vogel emphasised how the short-range missiles, which the US and Britain want to update in the mid-1990s, remain a simmering political issue in West Germany, in spite of the compromise at the Nato summit last month papering over differences between Bonn and its Nato partners.

He stressed the closeness of views between him and Mr Hans-Dietrich Genscher, the Free Democrat Foreign Minister, who has made clear his wish for an eventual "third zero" – the elimination of short-range land-based weapons from Europe.

Asked about the speech by Mr Mikhail Gorbachev, the Soviet leader, in Bonn a fortnight ago calling for early talks on reducing, and eventually eliminating, short-range nuclear weapons, Mr Vogel said: "I agreed with the speech. It corresponds to our position. The Foreign Minister also seems to have a similar opinion. Gorbachev is talking about a triple zero; we agree."

Mr Vogel underlined his deep misgivings about the short-range weapons which will remain in central Europe after implementation of the US-Soviet Intermediate Nuclear Forces treaty scrapping medium-range missiles. These weapons are mainly deployed on, and aimed at, East and West Germany.

"They (the short-range missiles) are weapons for waging war – and consciousness of that has risen in Germany. They are weapons which, if used, would make much of central Europe uninhabitable. How can we be willing to destory that which we say we want to defend?"

He said the recent Nato Wintex exercise, which simulated the use of more than 30 of these weapons, "has heightened sensitivities about this."

Over the question of "modernising" Lance, Mr Vogel said this appeared out of the question, whoever ruled in Bonn in 1991. "As clever a man as Franz Josef Strauss (the late Bavarian Prime Minister) once said that there would be no majority for Lance modernisation. The political forces which are with us (the SPD), agreeing that we should say 'no' to the new weapons, are sufficiently large that I do not think that we shall see modernisation of the Lance.

"I don't think it is possible to station new weapons on the territory of a country which does not want them. Our position (within the SPD) is clear – and I have a feeling that Genscher agrees with us."

Under President George Bush's initiative, unveiled late last month, for speeding up East-West talks in Vienna about reducing conventional forces in Europe, negotiations on cutting short-range nuclear weapons will not start until an accord on conventional forces has been at least partly implemented. Mr Vogel said this condition appeared to rule out early talks on short-range weapons, the goal set by the Bonn Government in April.

"There is not a very high probability that we will have successful results from the Vienna negotiations, and partial implementation, by 1992. This is the date when the US wants to make a decision on introducing and deploying the new Lance follow-on weapons. So the likelihood that we will actually come to negotiations on reducing short-range weapons is rather small."

Questioned about the SPD's attitude to British and US proposals to introduce a new stand-off air-launched nuclear missile during the 1990s for Nato air forces, Mr Vogel said: "I have a healthy sensibility towards nuclear weapons of all sorts. I don't see why we should add to them."

Israel examines the aid dilemma

Dependency on US cash is questioned, writes **Hugh Carnegy**

SENIOR Israeli economists have been asking hard questions about how extensively the country relies on US aid and how prepared it is for any reduction, questions which are both uncomfortable and pertinent.

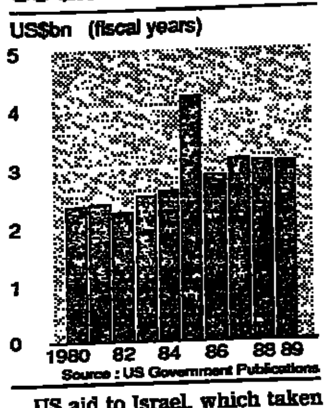
Uncomfortable because ultimately they deal with the issue of Israel's ability to survive on its own two feet. Pertinent because US aid is declining in real terms and – with budgetary restraints taking their grip in Washington – may fall further in years to come.

The level of concern was apparent at a seminar held by the Israel International Institute, an independent Tel Aviv think-tank. Billed as the first serious public discussion of the matter in Israel, it was attended by officials from the defence establishment, the finance ministry and the central bank, among others.

Among them was deputy finance minister Yossi Beilin. He said it was high time the issue was addressed, noting by analogy that the problems brewing in the occupied territories had been neglected for more than 20 years by Israel before they erupted with such serious consequences for the country.

The message of the economists who prepared papers for the seminar was, essentially, that Israel's dependence on US aid has become so ingrained that a large, immediate cut would be disastrous. Even relatively modest cuts over time would require serious and difficult adjustments in the local economy.

US aid to Israel



US aid to Israel, which taken with that for Egypt accounts for 40 per cent of all annual US overseas aid, began to build up heavily after the Six Day War of 1967 to levels of about $500m a year. After the Yom Kippur War of 1973 and the subsequent oil shocks it leapt again and by 1980 it reached $3bn a year. It peaked in 1986 at $4.2bn before falling to $3bn.

At the peak, aid from Washington accounted for the equivalent of 18 per cent of Israeli gross national product. In the 1980s there was a dramatic shift away from loan aid to the position today when almost all the aid is in the form of government-to-government grant.

The primary reason for much of these increases has been to bolster Israel's security in times of war or threat. Professor Pinhas Sussman, a former director general of the defence ministry, pointed out in his paper that since the early 1970s US defence aid had played a vital part in enabling Israel to build its share of defence spending from 10 per cent of GNP to as high as one third of GNP.

This has fallen again to 16 per cent year, but Professor Sussman noted that the share financed from own resources was back to levels equal to before the 1967 war. US assistance enabled Israeli forces to build up arms and equipment at rates it could not otherwise have achieved.

Without it, he says, Israel would have been forced to adopt "substantially different" defence policies. "It is probable the Middle East military and political map would look very different to what it does."

In fact, Israel has been in considerable economic difficulties anyway during the period in spite of infusions of aid.

Moshe Syrquin of the economic department of Bar-Ilan University asked if there was a link between the "dismal" economic performance since 1973 and the parallel big capital inflows, mainly US aid.

Not entirely, was his own answer. But he identified the inflows as a culprit in helping to induce a drop in investment levels, a shift to non-tradeables and a relaxation in fiscal discipline by the government, whose commitment to welfare payments shot up in the period.

"[Capital inflows] permitted inefficiencies to go on, reforms to be postponed and eventually generated additional aid 'requirements'," he said.

The economy had reached crisis point by the mid-1980s, with inflation in three figures, debt totalling more than twice GNP and the gap between government expenditure and taxes reaching 25 per cent of GNP. A stabilisation plan introduced in 1985 was backed by additional US aid of $1.5bn spread over two years.

The institute's Professor Zvi Sussman, a former deputy governor of the Bank of Israel, said in his paper that a combination of the aid, high taxes and spending cuts linked to the aid achieved a dramatic turnaround. The budget was balanced within two years, debt stopped rising and the debt/GNP ratio fell.

But here he sounded an ominous warning for the future. He said the improvement was not accompanied by the structural changes needed to diminish the public sector. When aid levels slipped back again, so the budget deficit re-opened, reaching 5 per cent of GNP last year. It was likely to be more this year.

Professor Sussman projected that if US aid declined over five years to 5 per cent of GNP from its 1988 level of 9 per cent and there was annual growth of 2 per cent, an agonising 25 per cent cut would be required in public spending to balance the budget if current ratios of expenditure were maintained.

Growth would have to be in the order of 6 per cent a year to offset the need for spending cuts, a level which at present seems far off for the stagnant economy.

The conclusion was clear: Washington should make any reductions in aid gradually and the Israeli Government must make the structural changes necessary to get the economy moving again if it is to avoid painful choices in policy, including in defence.

Aquino refuses land minister's resignation

PRESIDENT Corazon Aquino has refused to accept the resignation of her land reform secretary pending results of an investigation into scandals in his department, Reuter reports from Manila.

Land Reform Secretary Philip Juico said he submitted the resignation on Saturday because of allegations of criminal conspiracy in the purchase of an estate for distribution to peasants.

The purchase was blocked last December after officials complained that the Government had agreed to pay 62m pesos ($3.1m) for land worth only 3m pesos.

Seoul students battle police

Club-wielding students threw hundreds of firebombs at police in a protest demanding the release of a prominent churchman who went on trial yesterday for making a secret, illegal trip to North Korea, AP reports from Seoul.

The clash between police and about 500 students happened at Sogang University, about three miles from the courtroom where the Rev Moon Ik-hwan, a Presbyterian minister, went on trial for his life on charges of violating the national security law.

About 1,500 police were deployed around Seoul's district criminal court, where Rev Moon was brought in blue prison clothes, his hands handcuffed and tied with a rope.

Rev Moon is charged making a nine-day trip to North Korea in March, during which he talked to President Kim Il Sung on national unification.

Namibia election maybe postponed

Voter registration for Namibia's independence election will begin July 3, but a government spokesman hinted yesterday that the election itself could be put off until the second week in November, a week later than planned, AP reports from Windhoek.

Mr Gerhard Roux, spokesman for the territorial administrator-general, said that the original timetable set out in a United Nations resolution could be met "if things go exceptionally well."

It was the first time the government had conceded the possibility of a delay in the voting, which will establish an assembly to write a constitution for Namibia when it becomes an independent state early next year, ending 74 years as a colony of South Africa.

Record budget deficit in Sudan

Sudan has unveiled a record budget deficit and warned of possible unrest, Reuter reports from Khartoum.

Mr Omar Nour al-Dayem, the Finance Minister, told parliament that corruption and embezzlement "have grown to pose a danger to our values, society and financial and economic conditions." He said inflation was running at an annual rate of more than 80 per cent.

Speaking after protests against food shortages and a government announcement that it had foiled a coup plot last week, Mr Dayem said the budget deficit for the year beginning July 1 was likely to be S£13.2bn ($2.9bn). Foreign assistance was expected to cover S£5.6bn of the shortfall.

Rescheduling for Zaire's debts

The Paris Club of leading western creditor governments announced yesterday that its members have agreed to reschedule an unspecified amount of debt service due on loans to Zaire, AP reports from Paris.

The French Treasury, which acts a secretary for the informal group, said in a statement that the agreement falls under an approach devised at last year's Toronto economic summit. Under the "menu-option" approach, creditors can grant debt relief in the form of partial write-offs, extended repayment periods or below-market interest rates. Zaire's total foreign debt has been estimated at more than $8bn.

Afghan rebels to exchange prisoners

The Afghan government will free rebel prisoners in exchange for Soviet soldiers captured by guerrillas during the 10-year-old war, rebel sources said yesterday, AP reports from Islamabad.

Soviet diplomats, however, said final approval of the prisoner swap must come from the Soviet-backed government in Kabul. An exchange agreement was reached at a fourth round of talks yesterday between Moslem guerrilla representatives and the Soviet Embassy in Islamabad.

Bombay leads the way in weaning from the state

Private finance is going into projects traditionally regarded as public sector, writes **David Housego**

THE traditional Indian reliance on the public sector is beginning to be dismantled in Bombay. Private companies have been called on to finance and build the highways, ports and power generating plants which the local state government no longer has the resources to fund.

Last month Mr S. K. Shinde, finance minister of Maharashtra, announced a programme of "privatisation" to remove infrastructure bottlenecks. The programme is seen as a trial run for a far more ambitious national programme.

Some opposition members treat it as a gimmick. Industrialists and bankers take it seriously.

RPG Enterprises, the chemicals and engineering group of Mr Harsh Goenka, has prepared a feasibility study to build a four-lane highway to connect Bombay with Nashik on the western Ghats – passing through Bombay's industrial belt, one of the country's heaviest traffic-density areas. The highway would cost Rs1.8bn (£72m) and be paid for largely out of toll charges.

RPG has also submitted proposals to build a 500 Mw power plant at Nagpur in Maharashtra. As part of its strategy of expanding more into infrastructure and power projects previously reserved for the state, it has obtained a stake and management control of the Calcutta Electric Supply Company – the city's main distributor owned by the financial institutions.

Reliance Industries, the conglomerate run by Mr Dhirubhai Ambani, is seeking to build a Bombay-Pune highway – the other main industrial artery in Maharashtra – as well two power projects in Maharashtra and neighbouring Gujerat. Reliance has recently taken over Larsen and Toubro, one of India's largest engineering concerns, in part to make it easier to compete for major infrastructure projects.

On Nariman Point, in the heart of Bombay's financial district, Infrastructure Leasing and Financial Services opened its doors a year ago to help state governments and private industry with projects in which the private sector might get involved. Run by a former Citibank official and owned by the financial institutions, it hopes to have a prototype project ready by September to demonstrate how the legal, administrative and financial problems can be overcome.

Mr Ashok Basak, planning secretary in the Maharashtra Government, says the state has turned to the private sector because of the squeeze on its own financial resources. With spending on education, social services and irrigation on the increase, infrastructure projects have been taking a diminishing share of investment outlays.

The state wants to accelerate the growth in its industrial output from a current rate of 8-9 per cent – already one of the highest in the country – to 11-12 per cent. But growth is being curtailed by power shortages and inadequate roads and ports.

Among projects in which Maharashtra has said it is seeking private sector participation are highways, link roads, power plants, coastal ports, ferry services and a car park.

Maharashtra's plight is no different from that of the central government in Delhi. Initial projections being worked out within the administration for the next five-year plan (1990-1995) show that in several sectors bottlenecks or shortages will get worse because demand is rising faster than the pace at which the government can implement projects.

For these reasons Mr Sharad Kulkami, executive director of RPG, believes "privatisation" is inevitable.

Financiers in Bombay do not believe the private sector will have any problem in funding a large-scale infrastructure programme. Says one: "Raising money *per se* is not a problem. This country is awash with funds." Additional household savings each year now amount to Rs400bn-500bn, which includes an annual 20 per cent increase in bank deposits.

A record rise in new issues on the capital markets over the last year demonstrates the private sector's ability to tap popular savings. The Tata steel group, Tisco, has just launched the largest-ever public issue in India for Rs6.5bn which drew Rs10bn in subscriptions.

Infrastructure Leasing says six state governments have already initiated small-scale "privatisation" projects to be financed through user charges. These include bridges in Orissa, a major port jetty in Gujerat, and a link road in Madhya Pradesh.

At the same time some 15 companies are gearing themselves to gain a foothold in the infrastructure sector. They include the Tatas, the Singhanias, Essar Shipping, Mahindra and Mahindra and Ashok Leyland.

One of the consequences will be to strengthen the trend already emerging with the greater flexibility over licensing procedures and monopoly restrictions towards the creation of larger, international-size groups in India. This began with the private sector putting up petrochemical complexes, fertiliser plants and small steel mills.

Another phenomenon to emerge from the exercise is that state governments are pushing ahead faster than the central government – reflecting the pressures for decentralisation and the greater difficulties that the central administration has in carrying through a big change in direction.

In the power sector, however, government and industry have already agreed on the broad terms under which private companies will put up power plants. These include a 15 per cent post-tax return on capital based on power plants operating at about 63 per cent of capacity. Though private operators will have to accept government-determined tariffs, they hope to achieve their profits by operating at much higher loads than state-owned plants, or the 63 per cent norm.

On highway construction, Mr Kulkami doubts whether toll charges alone will be sufficient to recover the costs of the Bombay-Nashik sector. He is looking to the state taking an equity share through providing the land, or to RPG being allowed to develop hotels or land for housing or commercial use. He says the important thing is for the first major project to be seen to be financially viable if it is to trigger others.

An accelerated infrastructure programme would mean substantial contracts being placed abroad. The domestic power equipment industry, for instance, is already heavily overstretched.

At a national level Prime Minister Rajiv Gandhi has no wish to publicise his Government's shift towards privatisation before a general election at the end of the year. But the fact that the Congress government in Maharashtra is being allowed to go ahead shows the way he is thinking.

Election loss puts pressure on Malay PM

By **Wong Sulong** in Kuala Lumpur

A NARROW victory for an emerging Malay opposition group last weekend has renewed pressure on Dr Mahathir Mohamad, the Malaysian Prime Minister, to seek a compromise with his arch-rival, Tengku Razaleigh.

The new Malay opposition, known as Angkatan Perpaduan Ummah (Apu) – United Islamic League – loosely links dissidents from Razaleigh's ruling United Malays National Organisation (Umno) with the fundamentalist Party Islam and several smaller parties.

In the Teluk Pasu by-election in Trengganu State, Apu snatched the seat from Umno with 3,671 votes and a majority of just 141. Despite the narrow margin, the defeat is an ominous warning for Dr Mahathir.

Unlike the four other by-elections since Umno split two years ago – of which Umno won three – this was in an exclusively Malay-Moslem constituency in an oil-rich state.

The contest was the first test for Apu, and the Party Islam's influence in the area combined with the organisational skills of Razaleigh's supporters to win the day.

It is now highly unlikely that Dr Mahathir will call an early general election after the Commonwealth heads of government meeting in Kuala Lumpur in October.

He cannot risk losing a large number of Malay seats to Apu – he would then have to rely on his non-Malay coalition partners.

The Teluk Pasu defeat has increased pressure on Dr Mahathir to make yet another offer to Razaleigh, who lost narrowly to the Prime Minister in the Umno party polls two years ago and who was excluded from Umno when Dr Mahathir reconstructed the party last year.

Dr Mahathir flew to Kelantan 10 days ago for an audience with the sultan. The young ruler is Razaleigh's nephew and a strong Mahathir critic.

The sultan was reported to have told the prime minister that the 900,000 Kelantanese regarded Razaleigh as their political leader and wanted him to play an appropriate role in national government.

● The Malaysian parliament yesterday (mon) passed a controversial bill taking away the power of the courts to review any government action over detentions under the powerful internal security act and its drug laws.

The bill prohibits habeas corpus or any other legal action on detention.

Dr Mahathir, who presented the bill said the Government, and not the courts, was the best judge of national security, adding that the Government had always used its detention powers responsibly.

Lim Kit Siang, opposition leader, said the bill was "the most far reaching assault on human rights and the independence of the judiciary in Malaysia."

Japan's ambassador to EC recalled

By **Ian Rodger** in Tokyo

MR MUNEOKI DATE, Japan's ambassador to the European Community in Brussels, is returning to Tokyo after little more than two years in his post.

Japanese Foreign Ministry officials said yesterday the recall was not early and denied it was related to a scandal last autumn when it emerged that Mr Date and other Japanese diplomats had been involved in a private investment fund operated in Switzerland.

The fund's existence came to light when Mr Date and four other Foreign Ministry officials filed legal actions against a former colleague, Mr Hideuki Wada, seeking the return of their funds. The other officials were punished at the time for breaking rules prohibiting public officials from engaging in commercial activities, but Mr Date was not.

Mr Date, who is 61, might have to wait some time before being given another posting, if he gets one at all.

Private sector pay rises 5.17%

By **Yuriko Mita** in Tokyo

JAPANESE private sector workers won an average 5.17 per cent increase in wages in the annual spring wage offensive, according to a Ministry of Labour survey. It was the biggest year on year gain in seven years.

Adjusted for the rise in consumer prices in the past year, the average increase was 4.4 per cent, the highest in 14 years.

However, the rise is likely to be wiped out by inflation this year, which will be exceptionally strong because of the introduction of a 3 per cent consumption tax last April.

Employees in the wholesale and retail industries recorded an average 6.11 per cent increase, followed by newspaper and printing with 6.07 per cent and services 5.91 per cent. Steel mill and shipyard workers gained 2.61 per cent and 4.14 per cent respectively.

The ministry surveyed 290 companies listed on the first sections of the Tokyo and Osaka stock exchanges with at least 1,000 employees and capitalised at Y2bn or more.

● The dollar is expected to fall to about Y130 yen this summer after investors complete portfolio adjustments and correct excessive dollar buying, a private research institute said in a report yesterday, Reuter reports.

The Research Institute on the National Economy said investors had rushed to buy dollars partly in response to the dollar's extended fall over the past several years.

The institute said Japan's economy will remain robust, bolstered by consumer spending and capital investment, with gross national product growing a real 5.0 per cent in 1989/90. The economy will also be free from inflation, with consumer prices expected to rise 3.0 per cent in 1989/90 and 1.5 per cent in the first half of 1990/91, it said.

Fiji's uphill battle to bring about economic recovery

Dai Hayward on attempts to lure foreign investors

A 13-YEAR tax-free holiday for new companies producing for the export market is Fiji's latest attempt to get its economy on the road to recovery following the crippling effects of the recession which followed the two military coups in 1987.

Fiji has been virtually on its knees since the military takeover, and the ousting of the short-lived democratically elected government of Dr Timoci Bavandra.

The tourist industry, which along with sugar, represented the most important source of foreign exchange and employment, collapsed overnight.

Opposition to Col Rabuka, the self-imposed military head of state, prompted industrial action by Indian sugar cane farmers – some actually burned the crop in the fields – which hit the island country's main export crop. Business and manufacturing declined sharply as hundreds of skilled Indians fled the country. Last year the Fiji dollar was devalued by 30 per cent.

When government was returned to civilian but unelected rule headed by Ratu Sir Kamisese Mara, a former prime minister, an intensive government-backed drive to attract new industry to Fiji was launched. This included what is erroneously described as a "tax free" zone but which does offer considerable taxation benefits. This caught the attention of some manufacturers and businessmen in other countries, particularly in Australia and New Zealand.

Import duty on machinery was scrapped allowing new companies to bring in their machines to set up production lines in Fiji. Almost 100 new manufacturing companies have now started operations, enticed by the special tax concessions.

In the first year of the special tax zone's operation, exports earned Fiji$100m (US$65m) in foreign exchange and earnings from manufactured exports are forecast to reach F$240m by the end of this year.

Initially the major companies attracted to Fiji were in clothing, footwear and furniture manufacture but other sectors, including processed food, are becoming established. Most companies have come from Australia and New Zealand with others from South Korea, Malaysia, Hong Kong, China, the US, UK and West Germany.

There has been some criticism of the concessions given to foreign companies, mainly by trade unions in Fiji, New Zealand and Australia. They have complained about what they see as the exploitation of cheap labour, particularly in the clothing and garment industries. Fiji's unskilled labour, in particular, is cheap compared with wage rates in Australia or New Zealand.

Architect of the tax holiday scheme was Mr Navi Naisoro, 35-year-old economist who became Secretary for Trade and Industry early last year. He said Fiji was using the combination of its own labour force and other countries' machinery and materials to develop its export industry.

The Fiji Government is concentrating on policies that will create jobs, particularly for its large pool of unskilled workers, rather than on raising revenue for the Government. It will not give any government guarantees to new companies coming into the country who are required to provide at least 25 per cent equity to 75 per cent debt of the cost of setting up in business. They can however borrow on the domestic finance market.

New companies must incorporate in Fiji and several have found it is useful to have some Fijian directors who understand local politics.

The export boom has been helped by Fiji's preferential access, particularly in the clothing field, to markets in Australia, New Zealand, the US, Japan and Europe through various preferential trade agreements which benefit Fiji.

Although there is ample ethnic Fijian labour available to run the machines and factories there is an acute shortage of professionals in Fiji because thousands have joined the brain drain following the military takeover.

Particularly hard hit have been the legal, medical, accountancy and teaching professions in which the Indian community was heavily represented until the exodus after the military coup. The Fiji Law Society recently reported it had lost 110 of its 150 solicitors. The medical association has seen 150 of its 250 doctors depart while 150 of the 400 registered accountants have also gone.

The public service lost more than 20 per cent of its staff and has been running a recruiting drive to replace the Indian Fijians who departed with Melanesian Fijians. Between May 1987 and early this year 9,500 ethnic Indians and 1,000 members of other races left the country. For the first time in many years the number of Melanesian Fijians is greater than those of Indian extraction.

Delhi police arrest an angry opposition Bharatiya Janata Party demonstrator yesterday

Mass arrests in Delhi protest

By **K.K. Sharma** in New Delhi

HUNDREDS of opposition party members were arrested throughout India yesterday, the 14th anniversary of the proclamation of the late Mrs Indira Gandhi's 18-month emergency rule in 1975, for demonstrating against what they alleged was the misuse of government-controlled radio and television networks.

The trouble began in New Delhi when Mr V.P. Singh, widely considered to be the main political rival of the Indian Prime Minister, Mr Rajiv Gandhi, and scores of his followers in the National Front of opposition parties broke a police cordon near the main radio station.

A similar demonstration turned violent in Vijayawada, in the southern state of Andhra, when police made a baton charge at demonstrators outside the radio station and injured about a dozen of them.

The nationwide protest is being staged because of what the opposition parties claim is unfair projection of the Prime Minister and the ruling Congress-I party and its policies. All the main radio and television news bulletins give detailed coverage to Mr Gandhi's speeches and public appearances all over the country.

Publicity for Mr Gandhi has increased in recent weeks when he has stepped up campaigning for the next general election. No date for this has been announced but it must be held within the next six months.

The campaign is in full swing and opposition parties feel the Congress-I has an unfair advantage because its Government controls the TV and radio network which now covers the entire country.

The opposition claims news bulletins are being more seriously misused than during Mrs Gandhi's emergency rule and hence the protest. Moves to make radio and television independent have failed, as have efforts to make them a corporation on the pattern of BBC.

Government spokesman claim that Mr Gandhi's speeches make news because he is the Prime Minister and the time allotted to him cannot be shared with the opposition.

Iran 'plans to build nuclear plants'

MR Hussein Musavi, the Iranian Prime Minister, has reportedly said Iran plans to build nuclear reactors "for peaceful purposes" with technological help from foreign powers, Reuters reports from Nicosia.

The Islamic Republic News Agency, monitored in Nicosia, noted that Hans Blix, director general of the International Atomic Energy Agency, said the Vienna-based organisation was ready to co-operate with Iran to establish the reactors for peaceful purposes.

He said that foreign countries had given "positive and promising responses" to requests for technological help.

He did not name the countries, but Mr Ali Akbar Hashemi Rafsanjani, the Parliamentary Speaker, secured Soviet co-operation on nuclear energy during his ground-breaking visit to Moscow last week.

According to Tehran's media, Iran has also signed agreements in recent months with Hungary and Bulgaria for a nuclear reactor, nuclear plant equipment and technical assistance.

The Iranians desperately need to expand their power-generating capabilities, badly damaged in the eigth-year war with Iraq. They are also concerned about Iraq's ability to develop its nuclear capabilities.

WASHINGTON AND INDUSTRY REACT TO A SPATE OF OIL SPILLS

US to seek international insurance for clean-ups

By Peter Riddell, US Editor, in Washington

THE Bush administration will press for international action to provide insurance against oil spills as well as US legislation to assist clean-ups and the training of tanker crews.

The three new oil spills in US waters within 24 hours over the weekend have reinforced pressures for tighter regulation of oil tankers. Congressional committees have been considering a number of measures in the wake of the environmental disaster in Prince William Sound in Alaska created by the spill of nearly 11m gallons by the Exxon Valdez tanker three months ago.

It yesterday appeared that the damage from the spill of heating oil in the fishing and tourist area outside Newport, Rhode Island, might be less than first feared, both because its size had been downgraded to 420,000 gallons and because much of the spill had evaporated in the hot sun. None the less, waters remain polluted.

By contrast, the spill of 800,000 gallons of crude oil in the Delaware River between Philadelphia and Wilmington is proving difficult to clear up because it is thicker, though less toxic, than at Rhode Island.

The third spill, of 250,000 gallons of crude oil into Galveston Bay south of Houston in Texas, has had little impact: most was in a ship channel, where it was easily contained.

Both federal and state authorities have moved quickly and on a large scale to deal with the three spills, in contrast to the delays seen after the Exxon Valdez spill in Alaska.

Bush administration officials in shirt sleeves have rushed from spill to spill – and from television interview to television interview – to demonstrate the vigour of their response.

Admiral Paul Yost, the Coast Guard Commander, yesterday urged legislation that provides funding for clean-ups and a study of "the whole system – pilotage, qualification of crews, drugs and alcohol, as well as vessel construction."

However, he noted that the vessels concerned were primarily foreign and needed to be regulated through international rather than domestic legislation.

Similarly, Mr Manuel Lujan, the Interior Secretary, noted that in Rhode Island there was "a foreign tanker and we don't know how much we can get out of it. The insurance is only $14m – not anywhere near the amount of money that will be needed." He added that Congress was considering international insurance to take care of this problem.

Mr Lujan also argued that each spill, including Alaska, had been caused by human error by a tanker captain, and there would be efforts to improve training.

The tanker World Prodigy, which hit a reef off Newport, was Greek-owned and Rhode Island authorities are examining whether any laws have been violated, as the captain failed to wait for a pilot. The tanker which ran aground in Delaware Bay was Uruguayan-owned.

The latest position in Alaska is that clearing up the damage may take five years and cost at least $100m. Exxon has contributed $15m for initial scientific studies, but is not legally obliged to finance the clear-up.

The Alaskan spill has so far affected 728 miles of shoreline, and conservation workers are reported to have counted the carcasses of 25,700 migratory birds, 800 sea otters, 84 bald eagles and 20 harbour seals.

Trouble on oiled waters

By James Buchan in New York

FRIDAY'S unprecedented cluster of tanker accidents, which caused at least 1.5m gallons of oil to spill into the sea and inland waterways, has confounded for the moment an ambitious oil industry campaign to recapture the initiative over pollution from its critics.

The three spills have cast a cold shadow over a far-reaching $250m industry plan to prevent such accidents and fight them when they occur. The plan, announced by industry executives on June 14, was partly designed to forestall new legislation in the wake of the catastrophic wreck of an Exxon tanker off Alaska in March.

"This is very, very unfortunate," said an industry spokesman yesterday. "It's quite obvious these three new spills will exacerbate the mood in Congress."

Meanwhile, the prompt and energetic response by the Coast Guard and local authorities in Newport – a summer resort that is the last bastion of old-fashioned American amateurism – seems bound to increase the sniping at Exxon for what is seen as a slow response to the Alaska oil spill.

Oil industry people pointed out yesterday that the concatenation of accidents was unprecedented. Said Mr Richard Golob, an expert on oil spills in Cambridge, Massachusetts: "In all my 15 years of monitoring oil spills, there has never been a trio of major tanker accidents in a 12-hour period in US waters." Mr Golob, who edits Golob's Oil Pollution Bulletin, an industry newsletter, said there were as many spills on Friday as in all of 1985.

They also said that the accidents merely confirmed the need for the industry plan, which will man and equip five regional centres on the Atlantic, Pacific and Gulf of Mexico coasts to handle oil spills round the clock.

But there are growing fears that the accidents will increase congressional pressure to circumscribe offshore drilling and transport and even revive a 10-year-old plan to oblige the industry to finance a large new fund to cover the cost of cleaning up spills.

"They developed that plan because these incidents imperilled their aibility to drill and transport and gain port permits," Mr Golob said. "But I don't think there is anything more they can do."

Court allows broad use of US laws on racketeering

By Anatole Kaletsky in New York

IN A decision which could have crucial implications for the US government's insider trading case against Mr Michael Milken, the former Drexel Burnham Lambert junk bond dealer, the US Supreme Court yesterday upheld the broad use of the federal racketeering laws against white-collar financial crimes.

The eagerly awaited decision, which was reached unanimously by the nine-member Supreme Court, means Mr Milken and several other financiers charged in the Wall Street insider trading inquiry, could, if found guilty, face much more serious penalties than any meted out so far in insider trading inquiries.

The court held that although the Racketeer Influenced and Corrupt Organisations Act (Rico) was originally passed by Congress as a means to curb the activities of the Mafia and other gangs of violent criminals, there was no evidence that Congress intended to restrict its use to such cases. The Rico law provides draconian penalties, including long prison sentences, pre-trial freezing of assets and civil suits for triple damages, in cases where a systematic pattern of criminal activity can be proved.

In the Milken case the Justice Department has used the Rico law to force Mr Milken to post a bond worth $600m (£380m) and to confront him with the possibility of jail terms of 20 years or more.

In the case under consideration yesterday, the Northwestern Bell Telephone Company was sued by customers who said it systematically bribed regulatory officials to approve rate increases. The Supreme Court overruled lower court judgments which said Rico did not apply to this kind of activity.

The court's verdict, as well as its unanimity, will almost certainly strengthen the hand of the US Attorney for Manhattan, Mr Benito Romano, who has been trying to strengthen his case against Mr Milken by persuading some of the lesser figures in the case to turn state's evidence against Mr Milken in exchange for the dropping of Rico charges.

Hawke urges US to join Pacific Rim link

By Lionel Barber in Washington

MR BOB HAWKE, Australia's Prime Minister, yesterday called on the US to participate in his Pacific Rim initiative for closer economic co-operation among East Asian countries.

The Bush administration is expected to respond favourably, but will shortly unveil its own plans for a regional trade and economic partnership including Japan, Australia, and other capitalist countries.

Mr Hawke and Mr Hiroshi Mitsuzuka, Japan's Foreign Minister, are both in Washington this week and US officials said their visits would offer the chance for detailed talks aimed at finding common ground on a future regional initiative.

Mr Hawke stressed he wants to move swiftly on his proposal which officials said would resemble a new consultative economic forum on the lines of the Group of Seven meetings of the major industrialised countries. "What we are proposing is not a trade bloc," he said in a speech to the National Press Club, "the whole thrust of our overseas trade policy is based on the need to work for the success of an open, multi-lateral trading system."

Mr James Baker, US Secretary of State, was last night due to give a keynote speech to the Asia society in New York setting out the administration's views. Last week, a senior US official said Washington would seek "an appropriate multi-lateral mechanism" to deal with trade, financial, technological and environmental issues for the region.

There are differences between the US and Australia on how broad the Pacific Rim initiative should be and the Australians are concerned that Washington has been slow to respond. But they acknowledge that the US role in a new grouping is vital to counter the financial and economic power of Japan.

US officials said the initiative is partly a response to the emergence of regional trade blocs in the world, notably the creation of a single European market by 1992. But the warm US response reflects the need for America to manage better its relationship with Japan.

The Australians want to hold a meeting in November between the regional economic ministers to build on what Mr Hawke described as "an encouraging momentum."

During high-level talks yesterday, Mr Hawke made clear his opposition to the export enhancement programme which the US has used to counter subsidised European Community agricultural products. "Australia has found itself in the crossfire of the escalating export subsidy war and our grain exports have been adversely affected."

Canada rethinks defence position

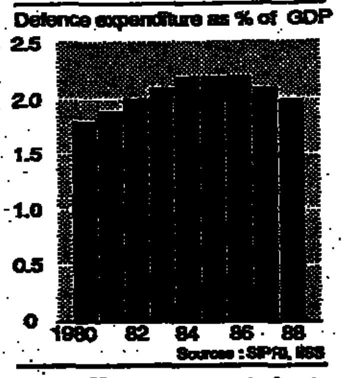
David Owen on the cancellation of a submarine programme

LAST month's Canadian budget was greeted with dismay by European shipbuilders and Canada's growing defence sector. It vetoed the proposed purchase of a fleet of nuclear-propelled submarines and scythed C$2.7bn (£1.46bn) from projected defence spending over the five years to 1993-94.

Parallels were drawn with the government of Prime Minister Pierre Trudeau, when military expenditure was relentlessly run down to make way for other priorities. Forecasts were made that Canada's defence budget as a proportion of GDP would soon once again be among the lowest among Nato members.

Canada

Defence expenditure as % of GDP



Sources: SIPRI, IISS

Such comments – to say the least – paint an incomplete picture. True, a long list of acquisition projects will be delayed, scaled back or cancelled, ranging from the purchase of 800 light-armoured vehicles to that of 18,000 army radios. And the cancellation of the submarine programme gives Mr Brian Mulroney's government, beset by an annual budget deficit of around $30bn, more room for manoeuvre in tailoring future plans to changing world events.

None the less, defence spending for the four years from 1990-91 is still slated to rise at a rate of 5 per cent a year, approximately the current rate of inflation. Only in the present fiscal year – when actual spending will rise by just 1.2 per cent to C$11.2bn – is real expenditure expected to decline.

The scrapping of the submarine programme also removes a glaring discrepancy in the country's defence policy.

This has traditionally (and pragmatically) been based on the principle of co-operation with allies: the burden of defending the world's second largest territory with the resources of just 25m people would otherwise be insupportable. This tenet underscores the extent of US-Canadian collaboration in securing the North American land mass against air attack and explains, by extension, Canada's generally enthusiastic attachment to Nato and to United Nations peacekeeping operations.

But the principle of co-operation has been conspicuously absent from recent statements of Canadian policy towards defence of the Arctic. For the last three years – since the US ice-breaker Polar Sea traversed the Northwest passage without seeking Canadian permission – the country has appeared bent on developing an independent capability in its frigid northern seas.

The extravagant C$8bn submarine acquisition programme, in tandem with plans – recently delayed – to build the world's largest ice-breaker, was the supreme expression of this desire.

The extreme difficulty of reconciling this stance with the fundamental premise of Canadian defence policy in other areas is apparent from the contradictory nature of official pronouncements.

"Canada's population and resource base are not today and...could not become sufficient to defend, unaided, the second largest country in the world," the Conservative government's 1987 defence White Paper asserted. Yet, in a defence update released the following year, Mr Perrin Beatty, then Defence Minister, maintained: "If we are to be truly sovereign, we cannot 'contract out' the defence of Canada to someone else."

By scrapping the submarine programme, Canada has tacitly accepted that it cannot afford to defend the Arctic without assistance from its allies, even if its aspirations to sovereignty in the region are compromised as a result.

This does not mean the government has changed its mind about giving priority to naval spending in its ongoing defence plans. The first of 12 new frigates, intended to replace most of the country's ageing of 22 destroyers, should enter service next year. Meanwhile, the navy has been asked as a matter of urgency to submit revised nuclear-propelled submarine-free plans. "We will continue with a three-ocean policy [Atlantic, Pacific, Arctic], but not with a three-ocean navy," says one insider.

If the axing of the submarine programme implies a renewed preparedness to work within a Nato framework close to home, another important budget decision has been seen as signalling a reluctance to maintain commitments in Europe.

This was the move to reduce in size and delay by two years a C$2.5bn project to buy new tanks for deployment in West Germany. Canadian troops are currently equipped with Leopard I vehicles, whose armour is no longer adequate to ward off east-bloc shellfire.

The delay is seen by critics as a sign that Canada is shifting its defence policy ever more resolutely homewards. Others, however, regard it as prudent in the light of the conventional arms reduction talks taking place in Vienna.

Officials, for their part, insist that Canada's commitment to Europe remains unwavering. "You won't find Canada among those Nato countries leading the charge to get out of Europe", says one.

EC protest over Danish bridge contract

By Hilary Barnes in Copenhagen

STOREBAELT, the Danish state-owned bridge construction company, yesterday signed a DKr3.15bn (£265m) bridge building contract with an international consortium in the face of a protest from the European Commission.

The contract is for a 6.6km road-rail bridge across the west end of the Great Belt, which separates Sjaelland from Funen and the Jutland peninsula.

The west bridge will link up with a rail tunnel under the east side of the Belt, with completion of the rail link due in 1993.

The road link will be completed by a bridge on the east side of the Belt, due for completion in 1996.

The west bridge contract was signed with the European Storebaelt group, which includes three Danish companies, Taylor Woodrow of the UK, Ballast Nedam of the Netherlands and Losinger of Switzerland.

The Commission on Friday asked the Danish government to postpone the signing of the contract on the grounds that the tender procedures might have contravened EC rules for public procurement, particularly by specifying that Danish labour should be used wherever possible.

The reference to the use of Danish labour was omitted from the final contract by a last-minute change.

The eastern bridge project will be put out to tender in 1990.

India reluctant to swallow bitter pill of drugs patent reform

Cheap medicines are at the heart of an international dispute over intellectual property rights, **Peter Montagnon** reports

TWENTY years ago medicines in India were among the most expensive in the world. Today they are among the cheapest.

This simple fact lies at the heart of India's long reluctance to discuss better protection for intellectual property rights, something that has become an increasingly acrimonious issue in and out of India.

In the minds of many Indians the cheap price of medicines is connected with their country's particular approach to patent regulation.

So sensitive is the matter that India's consent in the Uruguay Round of the General Agreement on Tariffs and Trade (Gatt) last April to discuss the need for new rules without prejudice to the end result was greeted in the country with newspaper headlines talking of cave-in and capitulation. The emotional furore surrounding the issue is akin to that associated in the UK with the National Health Service.

India does believe in protecting intellectual property and in rewarding innovation, says Mr A. N. Varma, permanent secretary at the Ministry of Commerce, but this needs to be balanced by social concerns, given that most of India's 800m people live below the poverty line.

The three areas where product patents are not allowed – chemicals, pharmaceuticals and food – "are closely related to the welfare of the people".

This arrangement is now under attack, both in the Uruguay Round itself and from the US, where intellectual property has developed into one of the hottest issues of trade policy.

Under Indian rules, the only type of patent that can be awarded in the three sensitive areas is one which protects the process by which a product is manufactured rather than the product itself. Moreover the length of the patent is restricted to a maximum of seven years rather than the more normal 14.

The US argues that this has allowed Indian pharmaceutical companies to save on research and development costs simply by copying foreign products and manufacturing them locally under a slightly different process.

Overlaying India's political worry on the patents score is a broader theme relating to suspicion of multinational companies generally, which lends this issue a true North-South dimension.

Overlaying India's political worry is a suspicion of multinational companies generally, which lends this issue a true North-South dimension

Mr Dinesh Singh, Commerce Minister, points out that it is still only 50 years since Indian independence. The country's industries are young and need to establish themselves at their own pace.

"The general feeling is that we should determine our own pace of liberalisation in conformity with our own development and a stable economy."

It is for similar reasons that India has also held out against liberalising trade in services. The fear is that such a move would leave India vulnerable to predatory multinationals.

Yet in two years of Uruguay Round negotiations this line has softened as India has come to realise that it does have a stake in services trade, through, for example, its activities in software.

Intellectual property is a different matter, not least because of the high level of public pre-occupation.

None the less the debate is not one-sided. There are signs of a more conciliatory approach from businessmen not involved in pharmaceuticals. They see tighter patent laws as part of the desirable process of opening up India to the international economy. One argument in this respect is that better patent protection would encourage foreign investment and technology transfer that India needs.

Mr Pai Pannandikar, secretary general of the Federation of Indian Chambers of Commerce and Industry, says the patent issue has been misunderstood by an emotional public.

The number of drugs which would be affected by a change is small and few of them are those which are needed by the very poor. The international patents on most of these has expired already.

Other experts go further. They say that it is India's system of price controls which keeps medicine prices low, not the patent system.

Mr Pannandikar prescribes a gradual process of change which would incorporate a tightening up of the patent law under conditions which would ensure opportunities for Indian concerns as well as foreign ones and that drug prices would remain reasonable for the consumer.

Getting to this point will take some tough political battles, however, especially since the pharmaceutical companies remain adamantly opposed to change.

One hope of would-be reformers is that the Indian public will gradually become aware of the exclusive profits generated by the present system for Indian companies at the expense of job creation which would stem from technology transfer. This would help swing debate in a more liberal direction.

The time for such a swing has not yet come, however, and Indian officials remain at pains to stress that their Gatt agreement to discuss the matter did not involve putting India's law on the negotiating table, but simply a readiness to open up a discussion in which India could put its own views across positively.

All that has happened is that India has agreed to discuss the matter to see whether at the end of the day a package emerges that is "Gattable", says Mr Singh. A full consensus is needed in the Gatt for any change, he adds.

Moreover, the political difficulties facing any Indian administration that sought to change the regulations on patents are mirrored by the difficulties facing Washington over reform in textiles trade, which also forms part of the Uruguay Round.

It is unfair, he says, that the US should insist on changing India's patent laws to suit its own interests when it continues for domestic political reasons to refuse to unwind the Multifibre Arrangement which governs trade in textiles.

Turkey bites eagerly at the Stinger missile project

Ankara has taken the largest stake in the four-country programme, reports **Jim Bodgener**

A CEREMONY presided over by Mr Turgut Ozal, Turkey's Prime Minister, in Ankara last week concluded the first of a series of sub-contracts that by mid-July will seal a DM1.7bn (£559m) project to make Stinger missiles in Europe. Appropriately so, because the Turks have the largest share – a 40 per cent stake valued at DM700m – in the four-country programme.

TEKSER INSAAT, the Turkish contractor, has been awarded a $41.5m (£26.6m) contract to build a health and recreation complex at Yalta in the Crimea in the Soviet Union. The project falls within the scope of a goods and services exchange by Turkey for imports of Soviet natural gas, writes Jim Bodgener in Ankara.

Tekser won the contract in a closely-fought competition with two other Turkish ventures, the MIR and DAY consortia. It will start construction in a month, for completion in two-and-a-half years. The complex comprises a five-star hotel together with a medical centre and a cultural and sports centre.

Payment will be in US dollars but Tekser said at the weekend it had also been offered payment in natural gas by the Turkish Treasury, which oversees the Soviet gas exchange deal.

Turkey has been unable to take up its full complement of gas because receiving facilities have not been completed on time. The terms of the agreement provide for 6,000m cubic metres annually in the early 1990s.

Tekser says it is engaged in joint tendering with Soviet companies for a railway project between Libya and Tunisia and for an undisclosed $600m project in the Middle East.

The programme's main contract was signed on April 25 between West Germany's Dornier, the project's lead sponsor, and West Germany's Office for Military Technology and Procurement. This was the realisation of 10 years of negotiations, including high-level memoranda of understanding between West Germany and the US and between the four countries in the programme, West Germany, Turkey, the Netherlands and Greece.

Production will start in 1992 following commissioning and testing in 1991, with the various components and fuel made in the four countries being assembled at Dornier facilities in Friederichshafen and Nuremberg. A total of 12,650 missiles will have been produced by 1998, to be supplied to the national defence forces of the participating countries.

Setting up this project has been a complex task for Dornier. It took three years to apportion manufacturing among participating countries, each of which had competing demands. However, according to Dornier sources, the share-out was finally settled amicably – even between Turkey and Greece.

Dornier had been impressed with the versatility of Turkish industry, Mr Jurgen Spintig, its Stinger programme director, said last week. Turkey had insisted on taking on the hybrid electronics and the rocket motors for the missile, both new territory for Turkish industry. Yet when called upon to do so, Turkey formally increased its share by the equivalent of about 1,000 missile rounds overnight.

The Turkish electronics manufacturer, Aselsan, will make the missile's electronic assembly at a plant it has built near Ankara's international airport. It will be given the necessary know-how free by General Dynamics of the US, the Stinger's prime manufacturer, through an off-set arrangement involving Turkey's $4bn deal to manufacture F-16 jet fighters locally.

The second largest portion of the Turkish package, rocket fuel, will be made by a new enterprise, Rocketsan. It will receive the technology from the US Stinger rocket maker Atlantic Research but through a direct contract paid for by the European programme.

Other Turkish companies making smaller parts for the missile are Kalekalip, Coskunoz and Barmek Holding.

The European production team will make the latest Reprogrammable Microprocessor version of the missile. It offers a much more rapid response to specific battlefield conditions than earlier models, the Stinger-Basic and Stinger-Post, which were developed from the Redeye system in the early 1970s. The version which has found fame through use by the Mujahideen in Afghanistan is the Stinger-Basic.

Eventually, the European group may develop its own extended Stinger applications for fixed-platform rather than hand-held carriage, like the West German army's chaser-tank, Panther, and for air-to-air deployment on helicopters such as the West German escort BSH-1 and anti-tank PAH-2.

How to finance the programme has inevitably proved one of the most taxing challenges. The funds will come from each country's defence budgets, requiring reconciliation of the four European currencies and the US dollar in the allocation of work.

The programme works with fixed price contracts, including escalation clauses permitting increases based upon official and published indices for the various inputs of labour and material.

According to the memorandum of understanding between West Germany and the US, reached in April 1988, the European group cannot export to other Nato countries without US permission and needs specific permission to sell the weapon to non-Nato members – unlikely to be granted. Future co-operation, however, may be possible with Switzerland, just across Lake Constance from Friederichshafen, which has its own memorandum with the US to make 50 per cent of its Stingers in joint production with the US makers. Other Nato countries which might participate, or buy the European group's production, include Denmark and Portugal.

AEG wins US order

AEG, the West German electrical and electronics subsidiary of Daimler-Benz, said the US Postal Service had ordered a further DM530m ($270m) worth of its automatic letter-handling equipment, writes Andrew Fisher in Frankfurt.

The equipment will be delivered over the next four years.

It will be built in the US under licence by ElectroCom Automation. In April the US ordered letter-handling systems worth DM330m.

Hong Kong to pursue dumping duties battle

By Michael Marray in Hong Kong

HONG KONG is to continue its fight against anti-dumping duties imposed on its exports of video cassette tapes, with a request from the Trade Department for talks with the European Community under the General Agreement on Tariffs and Trade.

The move follows a review of a EC decision which replaced temporary tariffs of up to 59.3 per cent on tapes imported from Hong Kong with permanent duties of up to 21.9 per cent.

Mr Stuart Harbinson, Deputy Director of Trade, said Hong Kong was dissatisfied with much of the EC investigation. He said that in Hong Kong's open trading environment, with no protected domestic market and no subsidies, conditions were not conducive to exporters selling goods at dumped prices.

Several other anti-dumping actions are pending against Hong Kong manufacturers, involving products such as small-screen colour televisions, audio tapes and photo albums.

UK NEWS

High Court throws out injunction against action

Second 24-hour national rail strike set to proceed

By Fiona Thompson, Labour Staff

A SECOND 24-hour national rail strike is likely to go ahead tomorrow after a last minute attempt to halt it by two members of the National Union of Railwaymen failed in the High Court yesterday.

The action was taken by two men from the Preston area. They alleged that their union's strike ballot there was inadequate under the 1984 Trade Union Act, because some people were not given the opportunity to vote.

Mr Justice Schiemann refused to grant an injunction, on the grounds that the two Preston men had delayed bringing their case to court. The men decided against going to the Appeal Court yesterday but reserved the right to appeal today.

The action was the latest in a series of legal attempts to halt and delay industrial action in various industries this summer. Mr Tony Benn, the left-wing Labour MP, said yesterday that unions might be forced to break unjust laws.

Mr Benn told a Socialist Movement meeting in Hull that the trade union movement was born out of illegality. He said: "It may be that its recovery now will require the same defiance of the unjust laws passed since 1979."

The two men were assisted in their action by the new Commissioner for the Rights of Trade Union Members, Mrs Gill Rowlands. This was the first case in which the Commissioner has backed court action.

The Commissioner's office was established under the 1988 Employment Act to provide public money for trade union members to take action against their unions for breaches of trade union legislation.

London Underground said yesterday that it hoped to run at least a partial service tomorrow despite the planned strike. It said it believed there would be no unofficial strike by members of Aslef, the train drivers' union.

Aslef members form the majority of the underground's 2,500 drivers, and their previous strikes have been unofficial. Although they have been balloting on taking industrial action, the result will not be announced until tomorrow.

A decision on whether a 24-hour bus strike will also be called tomorrow in London will be taken today by officials of the TGWU transport union following talks with London Regional Transport over a pay dispute.

Delegates at the NUR's annual conference in Newcastle-upon-Tyne cheered when Mr Jimmy Knapp, general secretary, said that this third legal bid to outlaw the union's strike had failed.

Mr Knapp said he was confident the conditions of the ballot were correct, and what concerned him was the amount of time the union was spending in the courts.

He said the dispute was spreading to other unions. Members of the EETPU electricians' union working in rail maintenance workshops had voted to join tomorrow's action and engineering unions were also balloting members.

The NUR voted earlier this month for the series of 24 hour strikes over BR's 7 per cent imposed pay award and the proposed of national bargaining.

British Rail last week failed in both the High Court and the Appeal Court to gain an injunction halting the first of the 24 hour stoppages last Wednesday. Strikes are planned for tomorrow and next Wednesday, July 5.

Howe says he retains ambition to be premier

By Philip Rawstorne

SIR Geoffrey Howe, the Foreign Secretary, yesterday admitted that he would still like to be Prime Minister and declined to rule out the possibility that he might still get to 10 Downing Street.

In a television interview Sir Geoffrey was asked whether he accepted that he would never be Prime Minister.

He replied: "I do not think anyone ever accepts that. We all come into politics believing we have a field marshal's baton in our knapsack. If it turns out to be a four-star general for 10 years and not a field marshal, that's not bad."

Was he not ruling it out? "How can one?" Sir Geoffrey said, pointing to the fact that Mr James Callaghan, as Labour Foreign Secretary, had become Prime Minister after Lord (then Mr Harold) Wilson's resignation and after he had given up hope of achieving the post.

"You cannot tell what happens," he said. "We have got a very effective, very good Prime Minister. As far as I can see, she is likely to be there for the foreseeable future. So who knows what will happen?"

Housing market slowdown spreads north

By Andrew Taylor, Construction Correspondent

THE RECESSION in the housing market is deepening with bargain hunters in parts of London and south-east England seeking price reductions of up to 20 per cent from desperate house sellers, a survey of estate agents says today.

The survey by the Royal Institution of Chartered Surveyors said the slowdown in the housing market had spread as far north as Tyneside in north-east England.

More than half of the 154 English and Welsh estate agents questioned said prices had fallen in the three months to the end of May. This compares with a third of agents reporting price falls when a similar survey was conducted in April.

The institution said uncertainty over interest rates and fears that house prices might fall even further meant there was little incentive for first-time buyers to purchase homes.

John G. Dean estate agents in south London said there was a new breed of bargain-hunter whose first question was to ask how desperate were home owners to sell.

"They then proceed to offer anywhere between 10 per cent and 20 per cent below the asking price, hoping for one of their offers to be accepted," said the agents.

Agents said house builders offering part-exchange deals were concerned about the mounting stockpile of second-hand homes on their books. Many builders have been offering to buy existing homes from owners, freeing them to buy a new house.

Another Gloucestershire estate agent said housebuilders were giving cash discounts of up to £10,000 to persuade purchasers to exchange contracts.

Mr David Johnson, an agent in Leicestershire, said house prices had fallen by between 2 and 4 per cent last month. He said the recent rise in base rates, although not yet accompanied by mortgage rate increases, had further damaged the confidence of house purchasers.

But Mr David Baker of David Baker & Company in Penarth, south Glamorgan, said: "It is probably the best buyers' market for seven or eight years."

STC announces plans for £10m N.Ireland centre

By Our Belfast Correspondent

STANDARD Telephone and Cables, the UK telecommunications group, yesterday announced plans for a £10m advanced engineering centre which will provide 200 highly skilled jobs over the next four years at its Northern Ireland factory.

Mr Tom King, Northern Ireland Secretary, yesterday announced details of the initiative, which will open next year.

Northern Ireland is the only UK region taking part in a European Community telecommunications initiative which will provide the province with one of the world's most advanced communications and information infrastructures over the next five years.

Fibre optic links are being developed between Ulster, Britain and the Republic of Ireland and British Telecom Northern Ireland is incorporating the project into its own £100m programme over the next three years.

Actors lobby Parliament to list remains of Rose

ACTORS and actresses yesterday lobbied parliament in an attempt to persuade Mr Nicholas Ridley, the Environment Secretary, to change his mind and list the remains of the Elizabethan Rose Theatre, in south London, as a national monument.

Dame Peggy Ashcroft, James Fox, Susan Hampshire and Richard Briers were among the lobbyists who said revised plans drawn up by developers Imry Merchant for the site, near Southwark Bridge, would still damage a large section of the theatre.

After a campaign of protests against plans to cover the site with its proposed development, Imry Merchant agreed to a design which would allow the remains to be open to public view.

Mr Simon Hughes, the Democrat MP for Southwark and Bermondsey, said Southwark Council would decide at a committee meeting next Monday whether to defer planning permission.

Union tries to allay dockers' strike fears

By Charles Leadbeater and Jimmy Burns

MR RON TODD, general secretary of the Transport and General Workers' Union, yesterday sought to allay dockers' fears that the union's national leadership did not fully support a national dock strike.

Mr Todd, in a rallying call to delegates at the union's biennial conference in Brighton, warned employers they would face a dispute "the like of which they have never had" if dockers were dismissed during a strike.

"Whether it is three months or six months, there will be no resolution of our dispute until every sacked docker is reinstated and an agreement is negotiated nationally," he said.

Mr Nicholas Finney, director of the National Association of Port Employers (Nape), described the speech as "irresponsible." He said that a lengthy strike would "do untold damage to dockers and their families."

However, Mr Todd's speech, which won a standing ovation, was aimed at dockers' delegates rather than the employers. Some shop stewards have become increasingly frustrated with the leadership's painstaking strategy to ensure the union stays within the law. This has led to doubts that the leadership was prepared to support a national strike.

Mr Todd said: "We will keep faith with the dockers, we mean what we say, we are not mealy-mouthed. As long as they take the decision to fight, the executive council will be with them."

Meanwhile, Highland Participants, which plans major expansion following the abolition of the Dock Labour Scheme, indicated yesterday that it did not feel committed to having the TGWU as the union representing its workforce.

Mr Geoffrey Parker, the company's managing director, said he was "keeping his options open" as to which union would be selected for a single-union, no-strike agreement covering the company's future port operations on the Medway in Kent.

Mr Parker described the new terminal at the Isle of Grain as a site requiring skills which were "beyond the skills of a traditional docker." The terminal is due to start operations in December with 135 manual and clerical staff.

AWD offers MoD 'buy back' option

By John Griffiths

AN OFFER to buy back from the Ministry of Defence more than 5,000 Bedford trucks currently in use with the British Army has been made by AWD-Bedford, the renamed Bedford trucks business bought from General Motors by Yorkshire entrepreneur Mr David J.B. Brown in 1987.

The offer, claimed to be worth £8m to the MoD – and thus, indirectly, the taxpayer – forms part of AWD's tender for a military truck contract which has attracted unusually intense competition. A final decision is expected from the ministry within a few days.

The contract is initially to supply the British Army with 5,000 four-tonne, four-wheel-drive trucks and is worth about £125m to the winner.

The armed forces operate almost 70,000 four-wheel-drive trucks, however, all of which will eventually have to be replaced.

The winner of the £125m contract would become the front runner for this business and substantial export orders from foreign armies could also be expected to follow.

The contract is deemed so important that the three finalists – AWD, Leyland DAF and Volvo – have taken the unusual step in this sector of developing trucks to the MoD's precise specification.

Mr Ron Hancock, managing director of AWD, said yesterday his company had also offered the MoD a "buy-back" deal at guaranteed prices on its Bedford ML 4 x 4 if its tender succeeded.

Mr Hancock said AWD would pay the MoD £1,500 above going auction prices for each used truck and refurbish them at its Dunstable plant.

"We would then sell them on to foreign armies who would like to buy our new trucks but can't afford them."

Wang poised to announce closure of Scottish plant

By James Buxton, Scottish Correspondent

WANG Laboratories, the US computer systems manufacturer which has been making heavy losses, is believed to be on the point of announcing the closure of its plant at Stirling in central Scotland.

The plant, which employs more than 250 people, was opened only in 1984. It is thought that production may be transferred to a plant at Limerick in Ireland.

Although the company refused to make any statement yesterday, Mr Michael Forsyth, the Scottish education minister who is MP for Stirling, confirmed that the plant was to close. He called the decision a "savage blow" for Stirling and a "cruel reward" for a highly successful workforce. It was angrily condemned by opposition politicians.

Wang made a pretax loss of about $55m in the third quarter to March 31 1989, and for the full nine month period lost $49.6m. The company's losses are attributed to a sharp decline in mini-computer sales as networks of workstations and personal computers increasingly replace this form of office data processing.

The expected closure of the Stirling plant, which has a prestige site on the campus of Stirling University, is an embarrassment for the Government which sets considerable store on inward investment in Scotland. The plant has received government grants both when it was set up and when it was recently expanded.

Company officials are understood to have been called in to explain the situation to government ministers.

A spokesman at the plant said that no statement would be made before today. It appeared that staff were being informed individually of the company's decision.

In 1987 the Government suffered considerable embarrassment when Caterpillar, the US tractor manufacturer, abruptly announced the closure of its plant near Glasgow, only weeks after obtaining state aid to improve it.

The Government should be able to take some comfort from the fact that Wang's US competitors, such as Compaq and Apollo, are operating in Scotland, and that the fast-expanding workstation maker Sun Microsystems is shortly to establish a plant in Scotland.

Toyota considers Wales

By Kevin Done, Motor Industry Correspondent

TOYOTA, yesterday confirmed that it was considering Shotton, in Clwyd, North Wales as a potential site for its planned European engine plant.

The company, Japan's largest automotive group, is expected to announce a final decision next month.

The company said that Shotton on Deeside – once an important steelmaking centre – was "included in a list of possible sites for consideration."

The plant is likely to involve an investment of around £130m and create more than 300 jobs.

Two weeks ago Toyota described as "pure speculation" newspaper reports in Tokyo that it had already decided on a port location in north Wales.

The UK has been the "lead candidate" to win the engine plant investment ever since Toyota announced two months ago that it intended to spend around £700m to build a 200,000 cars a year assembly plant at Burnaston, near Derby, in the East Midlands.

Mitsui Co pays £135m for City offices

By Paul Cheeseright, Property Correspondent

TWO COMPANIES in the Mitsui group are paying about £135m for 20 Old Bailey, an office development still under construction in the City of London. This is one of the biggest property transactions in the City this year.

Purchase of the building, near the criminal courts, is further evidence of an interest by Japanese groups in making long-term property investments in central London. Their interest, allied to Scandinavian buying, has played a significant role in holding up City prices in the absence of buying interest from British institutions.

The buyers are Mitsui and Co, the trading house and Mitsui Fudosan, one of the largest property investment and development companies in Japan.

The seller is P&O Developments, part of the shipping, property and construction conglomerate, for which 20 Old Bailey is its biggest property sale. P&O held an informal tender for the property, which has 200,000 square feet of office space.

Binder Hamlyn, accountants, will occupy all but two floors of the building when it is completed at the end of the year. It arranged the pre-leasing at the end of 1988, showing the appetite of accountants for new accommodation – a trend continued by the recent decision of Deloitte Haskins & Sells, accountants, to lease the 350,000 square feet development above Charing Cross station from Greycoat, the developer.

But 20 Old Bailey will provide Mitsui and Co with its first wholly owned home in the City despite a presence here for a century.

Initially, the yield on 20 Old Bailey will be 6 per cent, Mitsui Fudosan said. The property is just outside the central City area where yields on the best properties have generally been in the 5-5.5 per cent range.

Research councils to win greater control of funds

By David Fishlock, Science Editor

BRITAIN'S research councils are to control more of the estimated £1.5bn a year spent by the Department of Education and Science on scientific research.

But organisation of the research councils, the channel by which Government funds academic research, may change radically. At present, there are five main bodies. These could be amalgamated following the recommendation of the Morris report, compiled for the Department of Education.

Mr Kenneth Baker, Secretary of State for Education, foreshadowed the changes in his opening address to the first plenary meeting of Academia Europaea in London yesterday, when he confirmed the Government's commitment to dual financial support of scientific research.

Dual support means that the Department of Education will fund research both through the research councils (£816m this year) and through the Universities Funding Council, formerly the University Grants Committee (about £700m a year).

Research councils will become responsible for the full cost of projects they sponsor, except for academic salaries and premises. This means a modest transfer of funds from the University Funding Council to the research councils, Mr Baker said.

The change would also affect research sponsored at polytechnics and perhaps some of the work funded by charities at universities.

But Mr Baker said he believed most charities already covered more of the research costs than he was proposing should be carried by his research councils.

The Government wants to know more precisely how much the University Funding Council is putting into scientific research.

The £700m is only an estimate because neither council nor individual universities specifically distinguish research from their total spending, Mr Baker said.

"That is unsatisfactory. Universities should know what they spend on research and what they spend on teaching."

Unless they did, they could not allocate resources efficiently and effectively, he said. Nor could they account for the use to which they were putting public money.

Mr Baker said that from the start of the 1990-91 academic year, the council would identify research spending separately, both nationally and in each university's block grant.

"I believe that in time this will improve the management of the resources we devote to research in the universities."

Mr Baker said that although he had turned down proposals which limited research to certain universities, the University Funding Council was already funding projects on an increasingly selective basis.

"Resources are channelled to where the best and most needed work is being done, instead of spreading it evenly in line with student numbers."

He forecast that not all universities would be able to sustain front-rank research in all fields and some might, in time, become predominantly teaching universities.

But the Government looked to the scientific community for help in deciding which areas of research to pursue and where to put resources.

"The scientific expertise resides in the scientists themselves. The trick for government is to get the best out of them without imposing on them from above."

● David Thomas adds: Spending by UK universities on books has fallen by almost a third in real terms since 1978-79, according to a new study.

The study of spending by university and polytechnic libraries on books and journals was released yesterday by the Publishers' Association, the trade association for the book industry.

Average spending on books per student in UK universities fell by 31.1 per cent in real terms between 1978-79 and 1986-87, the study found. Cuts of more than 50 per cent in real terms were made by 14 universities.

Big variations in book spending are also revealed. In 1986-87, Cambridge spent £96.62 and the London Business School £93.10 per student on books; by contrast, Reading spent £17 and Belfast £11.05.

Retail property market cools but good sites still sought

By Christopher Parkes, Consumer Industries Editor

THE MOST bullish national shop chains have curtailed their expansion plans, and huge premium payments demanded of new tenants in central London outlets have evaporated following the drop in consumer spending, according to a market review published yesterday.

However, there is still no shortage of takers for good sites on main city shopping streets. Regional chains seeking wider markets, newcomers to retailing and specialists such as bookshops and greetings card companies, are helping to maintain demand, according to Mr Ian Kitchen of Clive Lewis and Partners, the London-based commercial surveyor.

The hype disappeared from the retail property market at the turn of the year, he said yesterday at the launch of the seventh Clive Lewis Midsummer Retail Report.

The very retailers setting new rental levels in 1988 retrenched. Some of the fashion divisions of the Burton group and Sears had all but disappeared from the expansion market, the report said.

Even so, it was rare to find a centrally located shop in a good site empty for long, said Mr Clive Lewis, the chairman. There was still a healthy market for the out-of-town warehouse-style of outlet, he added. Saturation of the market was a long way off.

Last year saw a further 9m sq ft of warehouse store space completed and trading, taking the national total above 50m sq ft. Some 23 new retail parks opened last year, and there will be 30 more in 1989, according to Mr Graham Chase, the company's warehouse specialist. However, the number of openings and the size of the parks will start to fall in 1990.

Rents on these properties rose by a record average of 14 per cent during 1988 – ranging between 19 per cent in the south east and 9 per cent in the north west – and growth will be similar this year, since most rents were set before the downturn in spending. But growth would be less buoyant in developments completed in the next 12 to 18 months, said Mr Chase.

Retailers in central London were having a more difficult time than most, Mr Lewis said. Rent increases were not going to match those in provincial shopping centres, and in the prime sites, retailers could no longer expect new tenants to pay premiums or "key money" of up to £400,000.

According to the report, there were indications that landlords would probably return to the practice of the early 1980s, when they tried to attract incoming tenants by paying them to take out leases.

● *Midsummer Retail Report. Free from Clive Lewis & Partners, 8/9 Stratton St, London W1X 5FD.*

New quality Sunday newspaper to launch on September 17

By Raymond Snoddy

MR NICK SHOTT, chief executive of The Sunday Correspondent, announced at the Financial Times publishing conference in London yesterday that the new quality Sunday paper would be launched on September 17.

"I am certain of a market opportunity and that is the quality Sunday sector," Mr Shott said.

There was a clear trend running in favour of quality dailies and if quality Sunday newspapers had done no more than keep pace with this they would now be selling a total of more than 750,000 copies than they are now doing.

Market research showed a low level of satisfaction with the existing titles at the top end of the Sunday market.

The Sunday Times was seen as being too pro-establishment and no longer objective or challenging.The Sunday Telegraph's existing readers were loyal but non-readers regarded it as anachronistic and reactionary and even regular readers of The Observer felt the paper had lost its way.

Mr Shott said there was "an overwhelming demand for a paper which is politically and financially independent."

Mr Brian MacArthur, executive editor of The Sunday Times conceded in answer to a question that he thought his paper would have done well if its circulation was down only 50,000 three months after the launch of the Correspondent. June circulation of the paper has averaged 1.24m.

Mr MacArthur said that newspapers in search of further revenues and cost savings would reach out to Europe for extra circulation and advertising revenue, experiment with direct delivery and develop reader clubs to sustain keep loyalty.

The Sunday Times executive forecast that by the end of the century all papers would be printed on modern colour presses with inserting equipment and many regional editions. Electronic page make-up would be commonplace and journalists would send pages directly to printing plate.

Mr Ralph Ingersoll, chairman of Ingersoll Publications, which owns the Birmingham Post and Mail, attacked what he called the lack of co-ordinated effort by the regional press and advertising agencies to point out the benefits of well-planned investments in advertising.

Agencies were too concerned about showing their clients what tough negotiators they were on rates and had forgotten that their real purpose was to develop strategies to sell more of their clients' products.

The client was the loser when newspapers and agencies spent all their energy on the "charade" of fighting over notional discounts to the printed rate card. "If the accounts don't soon demand an end to the game, their new competitors will," said Mr Ingersoll who plans to launch a new paper in the US in September – the St Louis Sun in Missouri.

Mr Ian Fletcher, chairman and chief executive of the Yellow Advertiser Newspaper Group, the leading independent publisher of free newspapers, said his group would be in the vanguard of a push into Europe by the frees.

The Yang chairman looked forward to the time when joint ventures between free newspapers around Europe would allow the one-stop purchase of continent-wide advertising packages.

Mr Fletcher welcomed the rise of media broking – the practice of agencies and specialists buying media space in bulk and selling it on to advertisers at a mark up.

The heat is on for ways to keep cool

By Nick Garnett

MANAGERS of Britain's small businesses have had enough of working in overheated offices.

In the past week stocks of mobile refrigerated air conditioners have been virtually exhausted in the UK because of the recent bout of hot weather and what seems to be a change in buying habits.

"I have never seen anything like it," said Mr Lewis Cligman, sales manager at Westra which imports Italian-made machines.

"They nearly needed an ambulance to take me home on Wednesday. We could not write orders fast enough and ran out of stock."

Toshiba of Japan, which claims to be the biggest supplier of mobile refrigerated air conditioners in the UK said it had no stock left in Britain and would be hard pushed to find any more equipment during the summer.

Acma, which brings in machines made at its factory in Singapore, said yesterday that such a surge of buying would not have happened a few years ago, even with similar high temperatures.

"More people now expect air conditioning and many small businesses want the benefits of it like those bigger companies that have full, installed systems of air conditioning," the company said.

Mobile refrigerated air conditioners – which blow cold air from the front and release hot air from a pipe discharging through a window – are purchased by offices, small companies, computer departments of larger companies and some private homes.

Almost all this equipment is made in Italy, Japan, other parts of the Far East and Spain.

The UK, which has a market for up to 10,000 mobiles a year on one estimate, has no substantial producer of this type of machine which costs between £450 and £800.

Most suppliers are struggling to locate alternative sources. Westra has located some in France. Carrier, which brings in machines made by Delchi in Italy, diverted 100 machines in France to the UK earlier this month and is trying to locate more there. "At the moment we are absolutely bone dry of stock," said Mr Ian Lilley, a Carrier regional director.

Acma is one company that says it can get more equipment. It plans to bring in machines originally exported to France from its Singapore plant.

"One of the main questions here is whether we air freight equipment in from Singapore," the company said.

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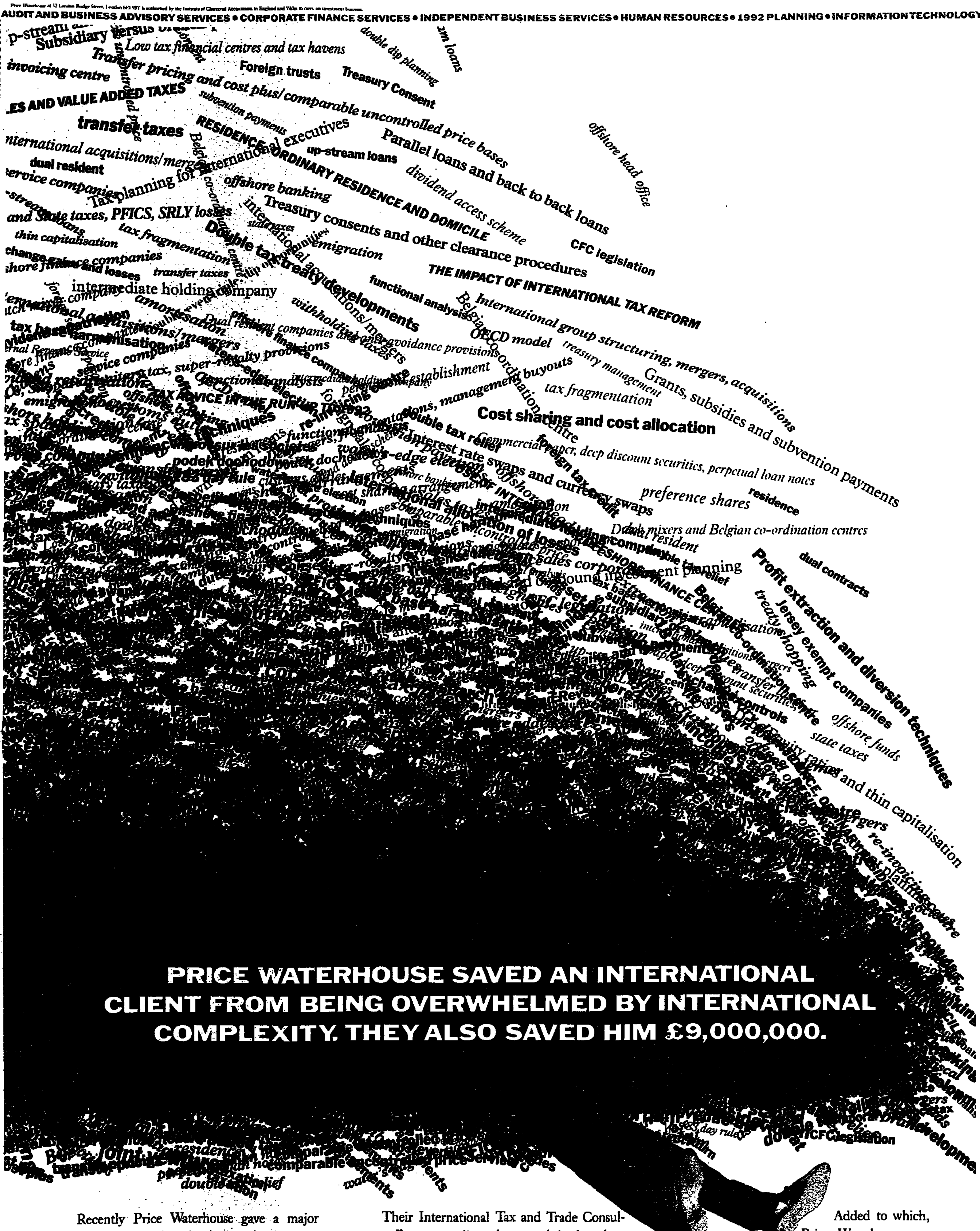

Recently Price Waterhouse gave a major international group a welcome bonus.

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FT LAW REPORTS

Arbitrators can hear freight dispute

ORIENTAL MARITIME (PTE) LTD v MINISTRY OF FOOD, GOVERNMENT OF BANGLADESH
Queen's Bench Division (Commercial Court): Mr Justice Steyn: May 26 1989

A SUPERSESSION clause in a standard form of charterparty, which provides that on the signing of bills of lading the charter contract will cease and be replaced by the bill of lading contract, is only effective when the parties to both contracts are identical. And, also, where the parties are not the same in that the charter contract is between disponent owners and subcharterers, whereas the bill of lading contract is between head owners and subcharterers as bill of lading holders, charter arbitration is not superseded by bill of lading arbitration and arbitrators appointed under the charter have jurisdiction to hear a charter dispute.

Mr Justice Steyn so held when allowing an appeal by the claimant, Oriental Maritime (pte) Ltd, from an arbitrators' decision that they had no jurisdiction to hear disputes arising out of two charterparties between Oriental as disponent owner of the chartered vessels, and the charterer, the Bangladesh Ministry of Food.

HIS LORDSHIP said that in July 1985 the Government of Bangladesh, acting through its Ministry of Food, bought three lots of wheat from Cargill Commodities Trading plc.

The Government had to charter tonnage to carry the wheat from the US to Bangladesh. It chartered Silvaplana to carry two lots. To carry the remainder it chartered nominated vessels, Bahama Stars and Magic Sky.

The terms and conditions of the two charterparties were the same. Both consisted of the printed Baltimore Form of *Berth Grain Charterparty*, with certain typed clauses. They were both subcharterparties.

Oriental Maritime was the disponent owner under the charterparties, and the Government was the subcharterer of each vessel. It was also the bill of lading holder.

Clause 42 of the printed charterparty form was a supersession clause.

It read: "It is mutually agreed that this contract shall be completed and superseded by the signing of bills of lading which shall be deemed to incorporate the above clauses . . ."

Clause 49 of the typed clauses provided that 90 per cent freight was payable within 10 clear working days of signing and releasing the bills of lading, and 10 per cent was to be paid on completion of discharge. When receiving freight payment the owners were to provide certain documents, including a discharge certificate.

Clause 35 of the printed form provided for London arbitration. The cargoes were loaded, carried and discharged, as contemplated by the charterparties.

Bills of lading were issued in respect of the cargoes. They provided: "Freight payable as per charterparty."

They also provided: "All terms, conditions and exceptions of the governing charterparty . . . shall be considered as embodied in this bill of lading. In the event of any conflict between this bill of lading and the charterparty, the latter shall control."

On the reverse side of each bill of lading it was provided, "arbitration clause of the Centrocon charterparty to apply."

There were, therefore, two arbitration agreements which governed the charterparties and the bill of lading contracts separately, and which had to be invoked separately.

Disputes over freight arose between the parties. Pursuant to the two charterparties, arbitrators were appointed. No appointments were made under the bill of lading arbitration clauses. The two hearings took place at the same time and the arbitrators presented one award.

The disponent owner's principal claim was for the 10 per cent balance of freight under clause 49. The charterer denied liability and put forward counterclaims.

It pointed to clause 42 (the supersession clause) in each charter. It said that since bills of lading were issued in accordance with that clause, the charters were superseded by the bills of lading and the disponent owner's claims lay under the bills, not under the charters.

That was accepted by the arbitrators. They said that for all material purposes the terms of the charter and bill of lading contracts were identical and the fact was that both the charters and the bills contained Centrocon arbitration clauses with the usual three-month time limit, and that they had only been appointed under the charters.

They concluded that the disponent owner could not pursue its claims before them, as they had no jurisdiction over the bill of lading contracts (see *the Jocelyne [1977] 2 Lloyd's Rep 121*.

That conclusion meant not only that the disponent owner could not recover the freight balances sought, but also that the charterer could not get its discharging port despatch.

On the present appeal the principal point was whether the arbitrators erred in law in holding that the supersession clause in the charterparties relieved the charterer of the payment of the balance of freight. The question was whether, in the language of clause 42, the charterparties were "superseded" by the bill of lading contract.

There was no real controversy about what "supersession" meant. It meant that rights and obligations under the charterparties were consensually terminated and replaced by rights and obligations under the bills of lading. And no point was made of the fact that such supersession took place simply on signing the bills of lading. It was agreed that the clause contemplated supersession of a charterparty by a bill of lading contract.

It was also common ground that bills of lading were signed and, in form and content, conformed to clause 42 requirements. The debate centred on a different point.

The charterparties were made between disponent owner and subcharterer. On the other hand, the bills of lading were owners' bills of lading.

In other words, insofar as those bills of lading contained or evidenced contracts, the contracts were not between disponent owner and subcharterer (the Government of Bangladesh), but between head or registered owners and the holder of the bills of lading (the Government of Bangladesh).

Against that contextual scene the short point of construction was whether, in the circumstances, the jurisdic act of supersession took place.

If it did, the arbitrators rightly concluded that they had no jurisdiction. If it did not, their decision was wrong.

In clause 42 the very concept of a "supersession" of a contract by conclusion of a further contract, clearly indicated, in the absence of other indication, that the contracts in question would be between the same parties.

The point made on behalf of the charterer was that that construction rendered clause 42 ineffective if the charterparty was a subcharter and the bills of lading were owners' bills of lading.

Clause 42 was a clause in a printed form. On its wording it did not in the circumstances of the present case achieve its underlying purpose. But it would be effective in other cases. That circumstance did not demand or justify any strained interpretation of clause 42.

A contrary construction inevitably resulted in the conclusion that the disponent owner, by agreement, should forfeit valuable rights which a carrier normally had against charterers, without receiving any other enforceable rights against the charterer in return.

Such a result was so unreasonable and uncommercial that, unless one was driven to it by the clearest language, it could not be entertained for a moment.

The implausibility of a bargain involving the surrender of valuable enforceable legal rights in return for no enforceable legal rights but for an expectation that all would be well, was self evident.

Disponent owners could not, in law, compel headowners to collect freight due under a subcharter or bill of lading contract. If the charterer was right, after supersession the disponent owner would be left with no effective legal rights to freight.

The language of clause 42, and the commercial reality that businessmen normally did not abandon enforceable legal right for mere speculative expectations, compellingly indicated that, on a proper construction of clause 42, there had been no supersession of the charterparty.

Accordingly, the arbitrators had jurisdiction to entertain the claims and cross claims. The appeal was allowed.

For the disponent owner: Angus Glennie (Zaiwalla & Co).
For the charterer: Steven Berry (Sayani & Boyles).

Rachel Davies
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Product design

A valuable competitive tool

Charles Batchelor explains why it is a mistake for companies to regard the effort they invest in the look of their products as no more than an expensive cosmetic exercise

Tim May, chairman of the Design House, a London consultancy, is frank about how one of his clients viewed design. "They thought it was a tart-up job. They didn't think it was anything to do with their product. They were a classic British engineering company, totally production-led."

The client, Harry Westropp, chairman of Rabone Chesterman, a 200 year-old manufacturer of spirit levels and measuring tapes, puts it more diplomatically. "We wanted to re-instate Rabone Chesterman as a brand. It once had the lion's share of its market but for a long time there had been no growth."

Rabone, the manufacturing arm of the publicly-quoted hand tool distributor Bardsey, was being squeezed between quality European and US toolmakers and cheap, unbranded imports from the Far East. With turnover of £11m and a workforce of 550 it was too large to retreat to a niche and too small to fight off the big boys.

Westropp's answer was to call for a revamp of Rabone's corporate image, largely, he thought, by improving its packaging. May's team responded by redesigning the corporate symbol of three triangles and replacing the discordant muddle of oranges, yellows and blues of its packs with a cooler, cleaner combination of reds, whites and blacks.

Customer research showed most customers identified just with the name Rabone so, after much heart-searching, Westropp was persuaded to drop Chesterman from the packs. Obscure product names like Supalok and Permalok were relegated to small type and the Rabone name and symbol weregiven pride of place on packaging.

Encouraged by the response from the trade, the designers went a stage further. They changed the colours of the tools to match the new image. Spirit levels - once yellow - were made in grey plastic and the green liquid in the level chamber was changed to red.

"We were on a pretty tight budget and had no money to spend on tooling so we just changed the surface finishes," recalls May. The Design House team revamped one third of Rabone's range before handing over the rest of the job to the company's own two in-house designers.

This freed May's team to begin the third stage of the design process – designing new ranges. It started with spirit levels and pocket tapes. It added new features, such as a belt clip, to the traditional tape. More significantly, moulded plastics replaced metal components where possible, reducing materials costs and allowing complex hand-assembly to be replaced by a semi-automatic process.

The impact has been dramatic. Rabone's gross margins have risen by 5 per cent and profits have risen by 60 per cent in the past two years. The quality image of the new packaging alone reduced complaints about the product and returns to almost nil before any changes had been made to the products themselves; several leading stores started stocking more of Rabone's range.

Westropp acknowledges that the impact of the design changes was far greater than he had envisaged but he backed the process all the way. "Westropp championed design in the company," says May. "His commitment was key."

Unfortunately for British industry, too few growing companies have that champion who is prepared to take design seriously. Despite a high-profile Downing Street design seminar held by Mrs Thatcher in 1982 and seven years of publicity the impact of design has been patchy.

"The problem is the perception of design and the lack of understanding of what it means," says David Baker, head of the Design Council unit which manages the design element of the government's Enterprise Initiative. (The initiative provides subsidised management consultancy to small and medium-sized companies in six important areas such as marketing, manufacturing systems and quality management.)

Of the 19,000 consultancy projects to be carried out under the initiative so far, fewer than 2,500 – 13 per cent – have been in the design field. The popularity of options such as quality and marketing has eclipsed design and meant that company owners faced with choosing a maximum of two of the options usually dispense with design.

Even when managers have been convinced of the importance of design they tend to see it simply in terms of the visual appearance of their products. They do not realise the impact it can have on the manufacturing process, on the materials they use, their costs and their profits. The inroads that design has made in the fields of fashion, retailing and some parts of the "white" and "brown" goods industries have failed to be matched in large swathes of British manufacturing.

"One hears a lot about design for aesthetic reasons and to support marketing," says Len Brooks, managing director of P-E International, a large management consultancy. "But for products to remain competitive they must not only be designed for the market place but for ease of manufacturing."

Part of the reason for this is that the application of design to the fundamentals of the product is far more demanding than merely changing its exterior. Changing the basic product can mean investing in retooling and retraining employees.

Harry Westropp: trade response encouraged the designers to make further suggestions

On the plus side, however, the advantages of making fundamental design changes can be considerable. A manufacturer of compressors which redesigned one of its product ranges took out no less than 56 per cent of its production costs. A manufacturer of paper shredders designed out 25 per cent of his production costs, says Brooks.

"Companies which are being beaten by their competitors tend to concentrate on labour productivity or try to squeeze their margins," he comments. "They should look at the fundamentals of the products themselves."

Trident Microsystems, a Redhill, Surrey-based distributor of electronics equipment, decided to call in professional designers when, for the first time, it developed its own piece of equipment. Trident, which employs 14 people and has sales of £2m, used a consultant under the Design Initiative to design the casing for a machine which could read the production numbers printed on the silicon wafers which go into integrated circuits.

The design consultants recommended a plasticised metal casing with air vents which would be suitable for use in "clean room" conditions. Though their brief was simply to design the exterior casing their market research threw up the fact that customers wanted the machine to be operated by a track ball (which controls the movement of a cursor on a VDU screen), which was cleaner than a keyboard. This in turn had implications for the software used.

These changes allowed Trident to make savings of £600 per machine or 5 per cent of its component costs, says Graham Grover, managing director. Grover, who admits his original impression of design consultancy was that it was "money for old rope," spent £3,000 on the project with the government matching this sum.

Small firms usually have no experience of dealing with consultants and frequently find the experience trying. Grover says that Trident's managers did not always explain themselves very well to the consultants. "Communications were strained at times," he says. "You get too wrapped up in your own product."

Gareth Davies, managing director of DDA, a Hounslow, West London-based manufacturer of professional audio equipment, says it is difficult to strike a balance when briefing consultants. "Don't tie them down so much that you inhibit their creativity but don't leave the brief too open or you will end up with a bill which leaves everyone's jaw on the table," he suggests.

DDA, which has sales of £3m and a workforce of 48, spent £12,000 on consultants to give a more professional, "Japanese" look to some of its equipment. The consultants also suggested replacing wooden side panels and leather armrests of DDA's mixing consols with polyurethane foam mouldings and designed space under the consol to take trunking for the cables which litter recording studios.

These improvements meant that overall DDA (part of Klark Teknik, a small Kidderminster, Worcestershire company) made no cost savings but it did have a better product. On future consols, however, it plans to replace aluminium extrusions with cheaper plastics.

Rabone, Trident and DDA all introduced specialist design skills which previously they had done without. Their businesses improved substantially but they might have made even more impressive gains if they had taken design into account from the start.

"Once a design is set you are locked in to about 70 per cent of your cost," says P-E International's Brooks. "Companies need to spend more time at the conceptual stage thinking about design."

"As a company grows it needs to think more strategically about design," comments Alvin Wiggins, head of design at PERA, a production technology group. But until more companies start to think seriously about design it will continue to be seen simply as a cosmetic process, a means of tarting up superficial appearances.

EC's small firms policies receive legal backing

By Charles Batchelor

The European Community's small business policies have been put on a firmer footing following decisions taken last week at a meeting of the EC's industrial council in Luxembourg.

The community appointed its first Commissioner for Smaller Businesses – Abel Matutes, a Spaniard – in 1986. Matutes, in turn, set up a small firms task force, headed by an Englishman, Alan Mayhew, but until last week the community's small firms policies had lacked a legal framework. Matutes was succeeded by a Portuguese commissioner earlier this year but it is perhaps appropriate that the recent strengthening of smaller firms policy has come under Spain's six-month presidency of the EC Council. Spain has an active family firms sector, and is keen to back small business.

"Up to now we have had the support of the member states for our smaller firms policy by vague resolution but now we have a legal basis," says Mayhew, whose task force earlier this year was transformed into the directorate general for enterprise policy – DG 23.

The practical result of small firms policy obtaining legal sanction should show up in budget negotiations, says Mayhew. "Up to now, when we have gone into negotiations with the budget committee, they have said: 'But you have no legal basis'," says Mayhew.

"Then there has been an enormous amount of nerve-wracking and time-consuming discussion between ourselves and the Council and the European Parliament. We have put proposals to the Council; the Council has cut our budget; and Parliament has re-instated it. That should now be a thing of the past."

Although the community's budget will continue to be decided on an annual basis the enterprise directorate has, in principle, been allocated Ecu 135m (£92m) for the next four years. Of this Ecu 25m will be held in reserve, at British insistence, until it is shown that the first Ecu 110m has been properly spent. But the allocation of funds in principle should make the annual negotiations easier. It also represents an increase on previous funding approved for smaller companies – Ecu 17m in 1989.

Elsewhere, EC efforts to help smaller firms will receive a further boost with a decision by community member states to expand the number of EC information centres, or guichets, to 186 from the present total of 39. The guichets, which are based in existing organisations such as chambers of commerce, give guidance on EC programmes of assistance for the smaller firm.

Finally, the EC Council has recommended that greater efforts be made to reduce the burden of red tape on business in the community. The aim is to create national organisations throughout the community to monitor the impact of new laws.

In brief...

■ Books signposting the way to advice and financial help for business are becoming almost as numerous as the sources of assistance themselves. The wealth of schemes and organisations available to help the growing business makes some sort of guidebook indispensable, however, and two new books have recently been published.

Growing your Business: Sources of Advice and Financial Assistance covers both public and private sector support for business. It includes sections on small firms support, aid tied to location, export help and technology and information assistance.

Available from CBI Publications Sales, Centre Point, 103 New Oxford Street, London WC1A 1DU. Price £10 CBI members, £15 to others. 118 pages.

■ National Westminster Bank has updated its Official Sources of Finance and Assistance for Industry. One feature of the book is details of small business support from more than 500 local councils.

Available from NatWest, Business Information Section, 6th Floor, National House, 14 Moorgate, London EC2R 6BS. Price £18 inc p+p. 200 pages.

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ARTS

"1918 in Petrograd" by Kutsma Petrov-Vodkin; oil on canvas, 1920

Revolutionary before the Revolution

William Packer reviews an exhibition of Russian art in Turin

Fiat's Lingotto factory in Turin, built by Matte-Trucco in the early 1920s, was a revolutionary building in its timewith its modular construction, its long assembly shops on five floors linked by ramps that led to the test track on the roof. In production until 1983, the factory is empty now and still spectacular.

Fiat is restoring it to use as a Fair and Congress Centre and the first stage, Renzo Piano's conversion of the ground floor workshops into an exhibition hall, is now complete. *Russian & Soviet Art 1870-1930*, organised by Giovanni Carandente and drawn principally upon the major Russian museum collections, is the inaugural show (until October 20).

Any serious study of the art held virtually incommunicado in Russia since the Revolution must be something of an adventure, but here the list seems safe enough. All the expected artists are well represented, from the accomplished academic impressionism of Vasiliev, Serov and Repin to the austere, uncompromising suprematism of Malevich, black on white, of 1920.

In between come strong, simple portraits by Bakst (1902/6); Benois painting the commedia dell'arte (1906); the richest of expressionist portraits by Jawlensky (1910); Chagall at his most disarmingly domestic (c.1917); and Kandinsky in his pomp, with the large "Composition VI" (1913), from the Hermitage, one of the greatest of his abstract improvisations upon the idea of landscape. Here are Larionov with his skies and trees (1904) and ragged, rayonist tufts of grass (1913); Goncharova with her futurist cyclist (1913); and Popova with authentic cubist figures (1915). Lissitsky, Tatlin, Gabo, Pevsner: all are here. And there is copious documentation of Russia's contribution to cinema, music, theatre, architecture, literature.

Thus the spate of exhibitions of modern Russian art, that has been such a feature of Gorbachevian cultural diplomacy, continues unabated. The cupboards have been opened, works so long hidden now dusted down and turned to the light. The realisation has dawned that there is a legitimate pride to be taken in what, for a brief moment, had led the world and – at least at first – had never sought to betray the Revolution that suppressed it.

For a lifetime now true art has continued in Russia, if discreetly and defensively, as the Russians themselves have tacitly admitted since reopening their pavilion in Venice for the Biennale of 1982. To assume that the only Russian art since Lenin's death has been a polemical and propagandist realism is a thoughtless mistake – and even a propagandist realism has its inherent qualities and interest.

If the trickle has now become a flood, there is clearly much more to come. Indeed, with every such show, and Lingotto is no exception, there is an overriding sense of what is still left out, even suppressed – a sense perhaps of a failure of critical nerve.

This is a very good and full show, that sensibly confines itself to a manageable period. But what it deals with best is a story already known: the academicism of the 1870s giving way to the influences of post-impressionism towards the end of the century; the cosmopolitan sophistication; and then the astonishing avant-garde radicalism that led on to the development of constructivism and suprematism in the years before the Great War. If a veil had been drawn for too long at home over the achievements of Kandinsky and Malevich, in the west they have been heros to generations of artists.

What we need now is to be shown the truth in all its complexity: not just what was happening in an art that was revolutionary well before the Revolution, but also its shifts and ramifications afterwards under successive Menshevik, Bolshevik, Leninist and finally Stalinist pressures. In taking its period through to 1930, the Lingotto show asks the question and hints at an answer or two, but only hints, for its final sections are as cursory as those earlier are thorough.

For there are some great painters here who are too little known to us as yet, represented by first-rate examples of their work; we need to see more of what they did and know what became of them. Nathan Altman's portrait, in an elegantly mannered cubism, of the poet Anna Akmatova, is the most riveting single image of the entire show. It was painted in 1914, when he was 25. Two minor paintings of his, from the 1920s, are also shown. He died in 1970. There are two magnificent works of 1913 by Robert Falk, an expressionist village of "Old Rus" and a Cezannesque portrait of an old man, with two more from the early 1920s, including an extraordinary large still-life of a black bottle with red furniture. He died in 1958, at the age of 72.

These are issues of individual development. That of socialist realism is inescapable, and a few works show how fascinating an issue it is. Kutsma Petrov-Vodkin first here with two wrestling symbolist youths, but the oddly metaphysical Madonna of "1918 in Petrograd" (1920) haunts the imagination, and his "Death of the Commissar" (1928) is but a good old-fashioned history painting – as it were a "Death of Nelson" in modern dress, and very good it is too. Some of our better war artists had been doing much the same all along. Alexander Deineka's painting of the arrest of the White Russian General Staff (1933), blatant propaganda as it is, is so strong in its imagery and clever in its painting that it leaves us curious to see more.

At the entrance to the show sits a reconstruction of Tatlin's memorial tower to the 3rd International, which was never built, a symbol of all the fondest, brightest hopes of the Revolution. It concludes with Brodsky's tight academic image of Lenin writing beside his table at Smolnyi. The contrast points the problem of failed hopes and wasted gifts. This important show is perhaps a step towards their redemption.

Julius Caesar

LUDLOW FESTIVAL

The handsome set by Ray Lett against the Ludlow Castle wall does not represent ancient Rome or indeed anything much. It provides various stepped levels from which to speak, various openings for entry and exit, and this is the right kind of design for Michael Napier Brown's production, which has all the emotions of a game of chess. Some pieces are bigger, or more ornate, than others, but they are all at base carved wooden parts of a set, important or unimportant according to current business.

This does not mean that such pieces must be free of personalities; they are knights, or rooks, or pawns, as events demand. Gareth Armstrong's Cassius shows up most strongly; his actions depend clearly on his own feelings, his politics influenced only by the persuasion of Robert Grange's Brutus, his trusted friend.

Brutus, often the most admired character in the play, is here a rather hypocritical opposition figure, with his unfair argument about "lowliness is young ambition's ladder" – condemnation without evidence. The notorious quarrel lets them both display some measure of emotion, though not enough to get that tiresome Poet to come and interrupt them. Poets are hard done by here; the mob swings the unhappy Cinna round the Forum on the end of a rope before dragging him off to assassination.

On the, as it were, Government benches, Mark Antony is played by Paul Jones as if he were consciously muting his emotions. His great speeches are spoken with conviction and an agreeable music, yet the feelings are not allowed to exceed the political sense. (But I am prepared to bet that the word Shakespeare wanted emphasised in "Lend me your ears" is *me*.) Antony is another hypocrite, as seen from his treatment of Lepidus; pop fans who come to treat Paul Jones as a hero must be content with admiring him as an actor, as I do. Young Octavius (Timothy Watson) is the Head Boy at Rome Grammar.

Caesar himself (John Franklyn-Robbins) is every inch a dictator (except to his wife Calpurnia). He dies bravely, knocking Casca head-over-heels before the rest of the conspirators join the attack. He crawls pathetically on all fours, covered in blood, then summons his last reserve of energy to rise and face Brutus, as if for help. But Brutus gives him a fatal stab, and Caesar's "Et tu, Brute!" is a public protest rather than a personal rebuke.

His subsequent return to warn of Philippi is rather effectively made in the shape of a cloud of steam, his voice a sinister distant call; and to match this effect, steam rises over the subsequent battles to show the old dictator's posthumous presence. The battles are ordinary Shakespearean battles, a handful on either side clattering swords on shields and so on, and the consequent suicides are presented with pitiable clarity.

B.A. Young

Casken and Harvey

UNION CHAPEL, ALMEIDA FESTIVAL

As a prelude to this week's world première of John Casken's opera *Golem*, the Almeida Festival offered Saturday's mainly-Casken programme at the Union Chapel. Casken, one of the most attractively individual and unclassifiable voices in British contemporary music, is 40 next month; it is to be expected that the opera will bring together the strands of personality – a "Northern" sense of colour, a natural feeling for distinctive dramatic gesture, a strong command of musical momentum – diversely exhibited on this occasion.

The large-scale unaccompanied choral work *To fields we do not know*, a "Northumbrian elegy" (1984), and the two-piano *Salamandra* (1986), different though they both may be in their chosen terms of expression, share a rigour of thought and a steadily mounting intensity of feeling that snare the listener whole. *Salamandra*, a further exploration of the imagery of fire that has preoccupied Casken in earlier song cycles, elaborates a rich tracery of exotic figuration, glinting with post-Debussyan tints and Roussel-like harmonic astringency, in a move towards central stasis and then final whirling brilliance. There is a sweep of pianistic mastery in the writing; the performance, by Andrew Ball and Julian Jacobson, showed it off to admiration.

The choral piece (given a reading of marvellous authority by the BBC Singers under Simon Joly) sets texts by Basil Bunting framing others by Bede and Anon. (the medieval poem "The Seafarer" in Pound's translation). The structure, a linked set of meditations on human mortality, also permits a vein of graphically picturesque nature-images; and Casken, dividing his choral forces into many subsidiary groups, pours out a stream of captivatingly picturesque sounds. Also in the programme was Piper's *Linn* (1984), an instrument-and-tape tapestry for the Northumbrian piper Richard Butler, which creates a landscape of sound for the piper – a marriage of simplicity and sophistication expertly judged.

Another Almeida "theme" has been the music of Jonathan Harvey, 50 this year. In the opening weekend Music Projects/London gave the British première of his *Valley of Aosta* (1989), a sustained burst of post-Impressionistic colour-sprays, rapid in movement and brilliant in impact; on Saturday the BBC Singers gave us his *Forms of Emptiness* (1986), which confronts Sanskrit and e.e.cummings. Three choirs (two in opposite upper galleries, one on the main platform) are cast into beautifully judged spatial relationships; the whole work vibrates with Harvey's special brand of spiritual energy.

Max Loppert

BOOK REVIEW

Feminist critique of opera

OPERA, OR THE UNDOING OF WOMEN
by Catherine Clément

Virago £16.95 (hardback) £7.50 (paperback)

There is without doubt a niche beckoning for a full feminist critique of opera, as a valuable analytical tool to set alongside the Marxist and pyschoanalytic commentaries that continue to enrich our contemporary understanding of the art form, and in doing so for better or worse, fund many of the production strategies we see on stage today. Catherine Clément's study first appeared in France ten years ago and in Betsy Wing's translation it is now hailed as the first feminist foray into the medium.

As a much-respected cultural historian Clément can bring to her subject an enviably wide range of reference. *Opera, or the Undoing of Women* is dedicated to Claude Lévi-Strauss, and alongside the Marxist terminology, and side swipes at other critical schools, parallels with anthropology are stressed throughout, so that, quite teasingly the hierarchy of the Paris Opéra is compared with the social structure of an Amerindian village, and less convincingly a discussion of *Turandot* is prefaced by an exegesis on menstruation myths among the Cashinawa Indians. In small quantities this rich mix is stimulating, even when it seems mis-applied. Clément's up-front, button-holing literary style, doubtless even more effective in French than in English, does its best to engage the reader in the dialectic, and some of her energy – she writes as an unashamed enthusiast for opera – certainly communicates. What exactly she communicates is more troubling. "I am going to talk about women and their operatic stories," says Clément, "I am going to commit the sacrilege of listening to the words, reading the libretti, following the twisted tangled plots . . . I am determined to pay attention to the language, the forgotten part of opera." And in trawling through some 30 opera plots from *Così fan tutte* to *Rosenkavalier* she emerges with the not unexpected observation that women are portrayed as victims, to be domesticated or destroyed – it might have been more extraordinary had she come up with any other conclusion from an art form whose origins and functions were so deeply embedded in the social conventions of the 18th and 19th century.

Analysts always choose the subjects that will yield the results they expect, which no doubt explains why Clément hardly mentions *Figaro* or *Fidelio*, and why her study steers clear of any modernist operas – the prologue to Berg's *Lulu* provides the starting point for a digression on Max Ophuls' *Lola Montes*, but there is no mention of *Wozzeck* or *Rake's Progress*, *Bluebeard's Castle* or *Lady Macbeth*. The music gets short shrift too, and the possibility that the way a text is set might just mitigate its effect, possibly even re-orientate the whole sense of the drama, seems beyond Clément's purview. Her assaults upon *Butterfly* and *Don Giovanni*, made without any reference to Puccini or Mozart's musical structures, are hopelessly partial, and only in *Tristan und Isolde* does she attempt to draw together the musical and dramatic threads. Her discussion of Wagner's chromaticism in the context of Isolde's sexuality is the most intriguing passage of the book. One wishes she had adopted a similar treatment elsewhere.

Otherwise one is left with some teasing one liners. "Inside Don Giovanni is hidden the fantasy of almost every man in love with opera," has a grain of truth in it, while her description of the Marschallin, "a brioche dipped a little too frequently in a cup of cocoa," is quite unforgettable, as is the tirade against the Callas industry – "leave this woman alone, whose job it was to wear gracefully your repressed homosexual fantasies." Such piercing asides and the crisp precision of many of her plot descriptions, demonstrate how much Clément has too offer, and how such a razor-sharp mind could be brought to bear on her subject. But burying it under so much verbiage for the purpose of proving a self-evident thesis seems such a terrible waste.

Andrew Clements

Appointments at the Guildhall

Clive Timms, Assistant Music Director at Opera North since 1978, has been appointed head of Opera Studies at the Guildhall School of Music and Drama in succession to Anthony Besch, who retires in July.

The Guildhall Opera school is also creating the new post of Artistic Adviser, which will be taken up by David Lloyd-Jones.

A third new appointment is that of Christopher Seaman as principal guest conductor and artistic adviser to the conducting course.

Nash Ensemble

ALMEIDA FESTIVAL

The Nash's Sunday contribution to the festival counted as the first of their 25th anniversary concerts, but it was a relatively modest affair – four hors d'oeuvres, in effect, without a main course. Though none was a première, three were having their first London performances, so there was at least a spice of novelty; and Lionel Friend conducted them (where necessary) with his usual alert sympathy.

Mark-Anthony Turnage's "Beating about the Bush," a Nash commission from three years ago, is a sexy monologue from Stephen Berkoff's play *Greek*. His programme note failed to tell us whether he has recycled it in his more recent opera-of-the-play. The mezzo Jean Rigby's warm account of it made little of the words, perhaps through discretion; with its mellifluous little ensemble, the general effect was more of insistent serenity than of throbs or thrills. A contemporary sound, notwithstanding; whereas the viola, basset horn and piano for David Mathews' setting of Eliot's "Marina" echoed between-the-wars romanticism with innocent sincerity. The baritone Henry Herford made his music and words alike scrupulously telling.

In Colin Mathews' rapid-fire scherzo for fifteen instruments *Hidden Variables*, there was surely an echo of Oliver Knussen's brilliant "Coursing," but within a simpler idiom. It made room for its own kinds of surprise, from peremptory rattats on a wood-block to stretches of pop systems-music, and probably conceals much ingenuity. In a not dissimilar vein, Simon Holt's *Capriccio Spettrale* (now we need a Spectral Caprice from an Italian composer) had a more strident edge, very precisely controlled. The harmonies and shrill timbres were cousin to those of Stravinsky's *Histoire du soldat*. Though the "spectral" suggestions were offhand, Holt's bold horn and trumpet writing – set against a pair of woodwinds and string sextet – had an elegantly assured punch.

David Murray

ARTS GUIDE

June 23-29

OPERA AND BALLET

London

Royal Opera, Covent Garden. *Le nozze di Figaro*, in Johannes Schaaf's very successful 1987 production, returns with substantially the original cast – Thomas Allen, Claudio Desderi, Marie McLaughlin, Carol Vaness – and the original conductor, Bernard Haitink. Final performances of *Der Rosenkavalier*, with Felicity Lott, Ann Murray, Lillian Watson, and Kurt Moll.

Paris

Théâtre des Champs Elysées. Stuttgart ballet: *The Taming of the Shrew* with Marcia Haydee and Richard Cragun to John Cranko's choreography (47203637). **Théâtre de la Ville.** Pina Bausch and the Wuppertal Tanztheater (42742277). **Grand Palais des Champs Elysées.** Paris Opéra Ballet. *Don Quixotte* in Rudolf Nureyev's choreography after Marius Petipa, to Ludwig Minkus' music; also *Swan Lake* in Rudolf Nureyev's choreography inspired by Marius Petipa and Lev Ivanov (45787500).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera with Ugo Benelli, Joanna Kozlowska and Marek Torzewski performs Mozart's *La Finta Giardiniera* conducted by Sylvain Cambreling. (Tues).

Vienna

Staatsoper. *Die tote Stadt* conducted by Heinrich Hollreiser, with Karan Armstrong, Anna Gonda, Georg Tichy; *Don Giovanni* conducted by Ivan Fischer, and sung by Edita Gruberova, Jerry Hadley, James Morris and Sona Ghazarian; *Tristan und Isolde* is conducted by Peter Schneider, with cast including Gwyneth Jones, Marjana Lipovsek, Hartmut Welker. Ballet: *Dornröschen*. (51444, ext 3318). **Volksoper.** The week's performances include *Kiss me Kate*, *Der Barbier von Sevilla*, *Eine Nacht in Venedig*, *My Fair Lady*, *Don Giovanni* and *Tiefland*.

Milan

Teatro Alla Scala. Rimsky-Korsakov's *La Fiaba dello zar Saltan* in Luca Ronconi's production, designed by the architect Gae Aulenti. The cast includes Lucia Mazzaria, Carlo Gaifa, conducted by Gennady Rozhdestvensky (809126).

Florence

Teatro Romano. Francine Lancelot's Ris et Danceries company peforming renaissance dances from the late 1700s, in co-production with the International Dance Biennale of Lyons (2779236).

Amsterdam

Muziektheater. The School of American Ballet with Balanchine's *Serenade*, *Episodes* and *Symphony in C*, and Bournonville's *Life Guards of Amager* (Mon), and Balanchine's *Square Dance*, *Waltz Fantasy* and *Symphony in C*, closing with Martins' *Les Gentilhommes* (Wed). The Vaganova Academy of Leningrad's Kirov Ballet in two Fokine and Petipa programmes (Tue, Thur).

Berlin

Theater des Westens. *Così fan tutte* in Götz Friedrich's production features Angela Denning, Keith Lewis and Ute Walther. Bernstein's opera *Candide* has Donald George in the title role. Also *Rigoletto*, produced by Hans Neuenfels, and the ballet *Giselle*.

Hamburg

Opera. *Ariadne auf Naxos* is a guest performance from the Dresden State Opera. The Joeffrey Ballet New York/Los Angeles appears with choreography by Paul Taylor, William Forsythe and Gerald Arpino. Also a *Nijinsky gala*, and a *homage to Jose Limon* with four ballets.

Cologne

Opera. *La Clemenza di Tito* has Josef Protschka, brilliant in the title role and *Die Zauberflöte* with Eberhard Buechner, Dieter Schweikert and Elfie Hobarth. *Lohengrin* is well sung by Eberhard Buechner, Manfred Schenk, Nadine Secunde and Eva Randova.

Frankfurt

Opera. Last performance of *La Bohème* with Gyoergyi Benza, Karen Huffstodt, Keith Olsen and Ryan Schexnayder. *Così fan tutte* is sung by Margaret Marshall, Mitsuko Shirai and Christopher Robertson. *Rusalka* is a well done repertoire performance. Also last performance of *Dido and Aeneas* with a first-rate cast led by Glenys Linos, Valentin Jar, Elaine Woods and Sonia Theodoridou.

Stuttgart

Opera. *Der fliegende Holländer* has Wolfgang Probst repeating his much praised performance in the title role. *La Cenerentola* has a strong cast led by Kathleen Kuhlmann, Carmen Mammoser, Helmut Berger-Tuna and Joern W. Wilsing. *Die Frau ohne Schatten* brings Reinhild Runkel, Karan Armstrong, Toni Kraemer and Roland Bracht together. Also in repertory: *Tosca* and Offenbach's rarely played *Der Karottenkönig*.

New York

New York Grand Opera. Vincent La Selva conducts a fully staged free park performance of *Nabucco* with Lee Roisum in the title role, with Pamela Kucenic as Abigaille and Stefan Szkafarowsky as Zaccaria (Thur). Central Park Bandshell at 72nd St. **American Ballet Theatre.** *Swan Lake* and *La Sylphide* highlight the last full week of the season preceeding the final weekend of *Swan Lake*. Lincoln Center Opera House (362 6000).

Tokyo

Theatre Dance Project Tokyo-Berlin 1989. *The Detective from China.* Parco Space Part 3, Shibuya (Tues, Wed, Thur) (477 5858). **Tokyo Globe Theatre.** Rossini's *Otello* (sung in Japanese) (Thur) (360 1151).

Cimarosa at Buxton

This year's Buxton Festival, held in the spa town between July 22 and August 13, is built around the work of the late 18th century Italian composer Domenico Cimarosa.

Two of his operas will be given rare performances: *The Italian girl in London*, his first success in 1778, and *The Paristan Painter*, written three years later. There is yet more Cimarosa, with his curtain-raiser *The Music Master* being performed for an audience of children.

Among the singers at celebrity concerts are Margaret Price and Thomas Allen. The pianist Peter Donohoe will also appear. There will be a vague French Revolution theme to the attendant films, cabarets, talks and drama.

A.T.

Leipzig Opera conductor killed

Johannes Winkler, chief conductor and musical director of the Leipzig Opera, has been killed in a car crash.

Winkler was born in 1950 and had been chief conductor in Leipzig since 1985. He made regular guest appearances in East Berlin, Dresden, Frankfurt and Duesseldorf.

FINANCIAL TIMES

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Tuesday June 27 1989

Peace moves in Africa

THE CEASEFIRE in Angola is the latest in a series of developments which are starting to change the face of southern Africa. The transition to independence in Namibia is in train; tentative efforts are underway to end the conflict in Mozambique; and the African National Congress is preparing for the possibility of constitutional negotiations in South Africa should Mr F. W. de Klerk, the President-in-waiting, release Mr Nelson Mandela. But big challenges lie ahead, not least in South Africa itself.

Behind the encouraging developments of the last few months lies the rapprochement between Washington and Moscow. In south-western Africa this has helped the US and the Soviet Union to bring the regions' adversaries to the conference table.

South Africa ceded Namibia's independence and ended its military backing of the Unita rebels in Angola, in return for the phased withdrawal of over 50,000 Cuban troops which support the MPLA government in Luanda. The loss of their main backers forced Unita's Jonas Savimbi and President Jose Eduardo dos Santos to declare a ceasefire in the 14-year Angolan civil war.

However, some formidable hurdles must be cleared before peace is secured. Namibia's transition to independence elections in November could be disrupted by either of the main players. The incursion in April of over 1,000 guerrillas of Namibia's leading nationalist party, the South West Africa People's Organisation, threatened to jeopardise the transition.

Disquieting reports

That threat was eventually resolved, but now concern has shifted. There are disquieting reports that koevoet, the notorious South African controlled counter-insurgency unit, is intimidating voters. Full and fair implementation of the settlement terms is an acid test for Pretoria. Disruption of the independence process in Namibia would erode the cautious good wishes offered to Mr de Klerk during his European tour.

In Angola itself the peace process is fragile. The ceasefire is arguably the easiest step in the process of reconciliation. It remains hard to conceive that Mr dos Santos and Mr Savimbi could work together in the coalition government thatAngola desperately needs. It is equally hard to imagine Mr Savimbi going into exile.

Yet serious as these difficulties are, there is one fundamental reason for optimism, aside from the influence that Washington and Moscow are jointly bringing to bear. The developments in south-western Africa are largely based on the implementation of a settlement plan, first outlined in a United Nations Security Council resolution in 1978. For the next decade it was exhaustively discussed. It was not until May last year that the US, backed by the Soviet Union, initiated the first of a series of negotiations that ended with a signing ceremony in New York ten months later.

New generation

This example of successful mediation is both salutary and instructive as hopes are raised about South Africa itself.

South Africa may have a long way to go before all parties sit at the same table. Mr de Klerk is seen as a representative of a new generation of National Party politicians, determined to respond to new realities. But he continues to insist on "group rights," – interpreted as a euphemism for the exercise of ultimate white authority – while the ANC's broad constitutional principles pave the way for majority rule.

It may well be that black and white South Africans will have to compromise on a half-way house – a penultimate constitution, as some observers put it – which contains in-built mechanisms that will lead to a final constitution which creates a fully democratic society. So far there is little evidence that reappraisals in Pretoria and Lusaka have created sufficient common ground.

The negotiating vacuum this leaves urgently needs to be filled, for it adds to the complications surrounding Mr Mandela's release. The sooner the South African Government, the ANC and other parties can agree on the broad parameters for talks, the sooner Mr Mandela will be set free.

Business links to schools

ONE OF THE complaints most frequently made by business people in Britain is that education has gone to the dogs. Too many pupils, bored by their last few years at school, quit the education system as soon as possible. Large numbers of school-leavers are barely able to write or carry out simple calculations, leaving them unqualified for anything but the most menial work.

This complaint typically goes hand-in-hand with a second. Schools do next to nothing to prepare their pupils for the world of work. Where teachers bother to discuss business at all, they do so in a hostile and ignorant manner. If only schools paid closer attention to the needs of business, then much of the present educational malaise could be rooted out.

This second half of the story, at least, no longer deserves much credence. For several years now, managers sounding off about the uniform hostility of schools to business have been displaying little more than their own ignorance.

True, there are still plenty of individual teachers with closed minds. But the general climate has never been more favourable to industrialists and managers keen to become involved in education.

Practical initiatives

Scarcely a week goes by without a government minister urging business to take more interest in schools. Such exhortation has been underpinned by a host of practical initiatives designed to bring closer contact. Some of these have flowed from central government, others from within the business world itself.

Thus, many more employers are now sitting on the governing boards of their local schools. Factory gates and office doors are being opened in ever greater numbers to pupils seeking work experience and even to their teachers on secondment. Job-guaranteeing compacts between business and schools are springing up throughout the country in run-down urban areas.

All this is to the good. There might come a time when business involvement in education becomes too obtrusive, particularly as the decline in the number of young people forces employers to pay closer attention to the source of their recruits. It would be a sad day, for instance, if industrialists were ever to have the dominant role in determining the curriculum: the present generation of managers does not have a privileged insight into the skills that will be needed by the next.

But the pendulum still has a long way to swing before we approach that state of affairs. For the foreseeable future, both business and education will benefit from still closer links.

Unwilling employers

But there's the rub. For now that the roadblocks to business involvement in schools are being dismantled, it appears that many employers are less than willing to drive through. A survey conducted for the Confederation of British Industry last year revealed that schools were considerably keener to initiate links with companies than vice versa.

The CBI report has led directly to the creation of a new body, the Foundation for Education Business Partnerships which is due to be unveiled by the Prince of Wales at a conference in London on business-education links tomorrow. Its prime tasks will be to promote formal local partnerships between the two sides throughout the UK and to prod more companies into contacts with schools.

The point of the new organisation has evolved during the discussions preceding its creation. The CBI had hoped it would result in greater coherence among the 20 bodies already existing to promote different types of business-education links, a plethora which has led to some confusion among employers.

Vested interests appear to have prevented this rationalisation. But, at least for the moment, this may not be too regrettable. While the courtship between schools and employers is still at a relatively early stage, heavy-handed direction from the centre might prove counter-productive. The task for the new body is more to keep up the momentum than to prod it in any particular direction.

FOREIGN AFFAIRS

The rebirth of central Europe

By Edward Mortimer

What and where is "central Europe"? To the post-war English ear it belongs in the past – in the novels of Anthony Hope; at latest in the pre-war Hitchcock comedy, The Lady Vanishes, or Tintin's adventure with le sceptre d'Ottokar: a land where the Orient Express stops in the middle of the night at frontier stations with unpronounceable names; where men in Homburg hats and astrakhan collars carry on political intrigue amid spectacular mountain scenery, their voices conveniently covered by gypsy music. I can also remember hearing "people from central Europe" used as a euphemism by someone trying to get away with an anti-Semitic remark.

The first time I heard anyone claim to be central European it was the Czechs in 1968. Significantly, they did so to distance themselves from eastern Europe: "No, no, we're in central Europe, like Switzerland." I then noticed that, on the map, Prague is, indeed, a long way west of Vienna.

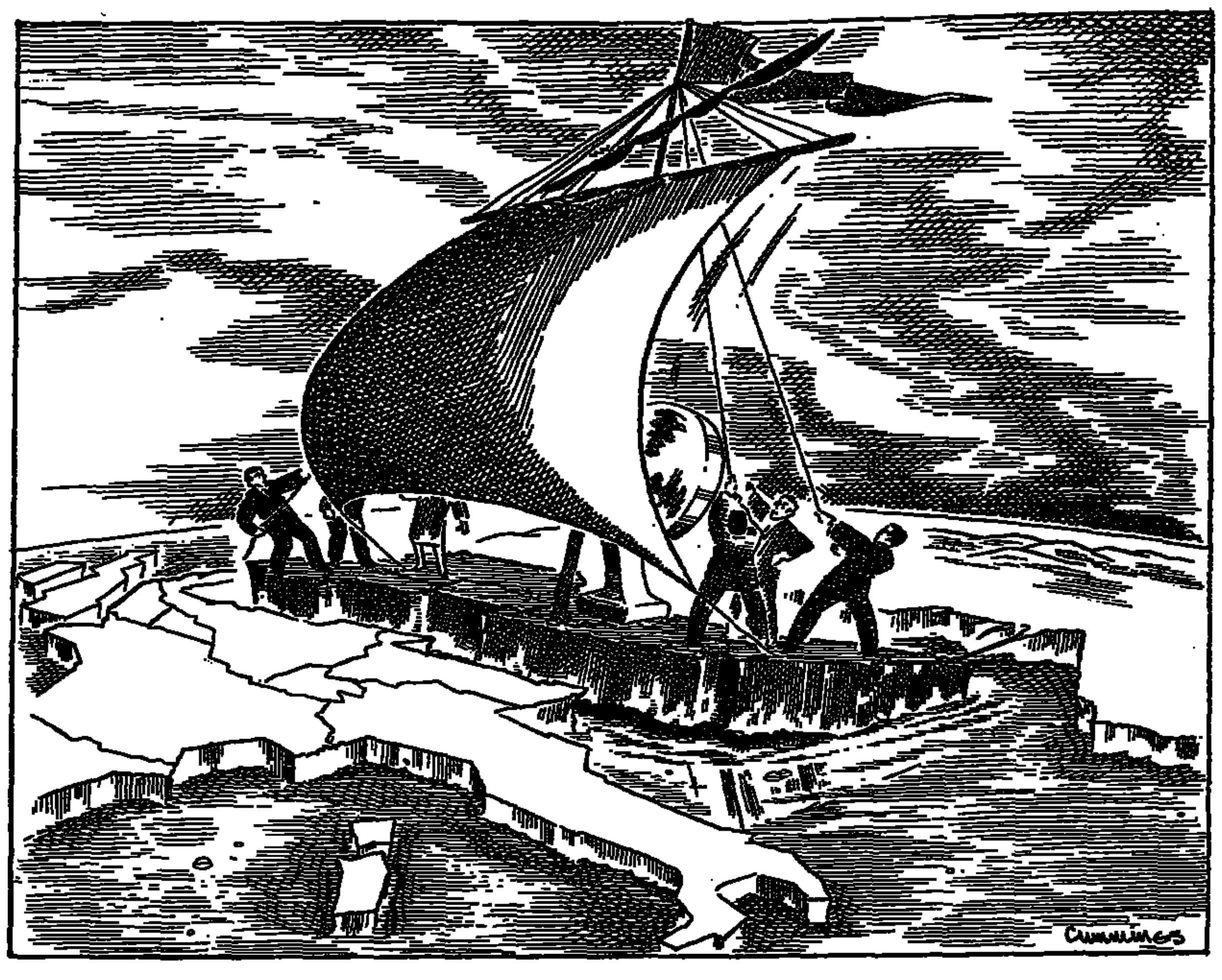
Now, in the late 1980s, "central Europe" has become fashionable, while "eastern Europe" is rapidly disappearing, rather as "negroes" were suddenly replaced by "blacks" in polite conversation about 20 years ago. Eastern Europe is that benighted region which, supposedly, Churchill and Roosevelt signed away into Stalin's clutches at the Yalta conference. Now, courtesy of Mikhail Gorbachev, Yalta is consigned to the dustbin. Goodbye miserable, grey, eastern Europe, you who weighed so uneasily on our western consciences. Hail, reborn central Europe, land of congenial, talkative intellectuals, you who are so flatteringly eager to join our liberal, pluralist, market-driven western society.

Digging down a bit further into the collective subconscious, one finds that most of the images associated with the phrase "central Europe" are drawn, however loosely, from countries that were once part of the Habsburg empire. That includes Czechoslovakia and also Hungary. So it is not surprising to find that the current vogue for "central Europe" was started about five years ago, simultaneously, but it seems independently, by the exiled Czech writer, Milan Kundera, and the Hungarian political theorist, Gyorgy Konrad. It is slightly more surprising to find that it has been taken up by the Poles.

"The Polish People's Republic is situated in central Europe," according to an official brochure issued to me when I went there as a guest of the Government last year. This clearly was not meant as anything more than a geographical statement, unless perhaps it carries a quiet reminder that "eastern Europe" proper lies to the east of present day Poland, entirely within the territory of the Soviet Union. But much more was involved in the International Seminar on "Central Europe – Illusion or chance," which I have been attending.

Now, courtesy of Mikhail Gorbachev, Yalta is consigned to the dustbin.

It is no accident, as they used to say, that this gathering was held in Cracow, capital of Galicia – the part of Poland which did belong to the Habsburg empire before 1918. Habsburg rule, at any rate in its later years, was less oppressive than that of Poland's other foreign masters, and Galicia is not wholly exempt from the current vogue for pro-Habsburg nostalgia. But it is not true, as one Warsaw wit suggested when I showed him my invitation, that the seminar was organised by Galicians who had decided, after 70 years, that reunited Poland was a country incapable of governing itself and therefore not worth belonging to.



No, the organisers were a group of fervent Polish patriots, based in Warsaw as well as Cracow, and with close links to Solidarity. They represent the flower of Poland's Catholic intelligentsia, or at any rate its more elderly members, and several of them also belong to old aristocratic families. One of the many ironies of the present Polish situation is that a movement which started as a working-class revolt and still likes to see itself as primarily a trade union movement, has propelled these people back into a political role. "They came to us because there was no one else," one of them told me. "You see, this country has never been given the chance to develop a proper bourgeoisie."

The lack of people with experience of autonomous leadership and organisation, whether economic or political, is indeed a recurrent theme in current Polish discourse, and partly explains the extreme nervousness with which the country's new élite has reacted to its stunning election victory. Certainly they are proud of it, but they are also terrified by the arousal of popular expectations which they do not feel able to fulfil. Politically these are symbolised by the telephone call which Professor Bronislaw Geremek, the newly elected parliamentary leader, received last week from an anonymous woman caller, evidently sincere even if deranged. She threatened to set herself alight outside his home if General Wojciech Jaruzelski were elected President without a serious challenge from Professor Geremek or another Solidarity candidate.

The organisers of the Cracow seminar certainly did not foresee this situation when they sent out the invitations. No one foresaw then that elections would come so soon or that the Communist regime would allow itself to suffer such humiliation at the voters' hands. What they did foresee was that, not only Poland, but neighbouring countries would experience great difficulties in managing the transition from totalitarianism to a free society, and they decided, after making contact with the Hungarian Democratic Forum, that "central Europe" was the right heading under which to discuss these problems.

So the Hungarians fielded a strong team, including Gyorgy Konrad himself, and one of the amusing things about this gathering of devout anti-Communists was to see the Poles almost envying, and the Hungarians almost boasting, the fact that the Hungarian Communist Party clearly has a bit more life left in it than the Polish. I was able to cheer everybody up at breakfast on Sunday with the news, gleaned from the BBC World Service, of the reformers' victory in the Hungarian central committee.

This news was greeted with special enthusiasm by Dr Marina Pavlova-Silvanskaya, of the Soviet Institute of Economics of the World Socialists System (known as the Bogomolov Institute after its outspoken Director, Oleg Bogomolov, who is on record as saying that Hungary could perfectly well remain in the Warsaw pact under "bourgeois" government). She and her colleague Yevgeny Ambartsumov introduced an unexpected note of pathos into the seminar, so anxious were they not to be left stranded on the eastern shore when the great central European ferry (as the Oxford-based commentator Timothy Garton Ash described it) set off on its westward voyage. The Poles and other self-styled central Europeans present clearly felt some sympathy for their personal predicament, but believed the ferry, at best a leaking craft, would certainly sink if it had to take 200m of their Soviet compatriots on board as well.

Dr Ambartsumov's particular concern was that central Europeans should not make any reckless move (such as leaving the Warsaw Pact) which might be exploited by the conservative opponents of perestroika back home – though even then he claimed to believe that another Soviet military intervention on the 1956 or 1968 model was out of the question. Both Soviet speakers asserted that the Brezhnev doctrine (under which their country formerly claimed the right to intervene in other countries "in defence of the conquests of socialism") was dead. But neither could really explain why, if this is so, the Soviet Union continues to accord legitimacy to the regime in Prague, which is still quite flagrantly the product of the invasion the doctrine was invented to justify.

Mr Antonin Liehm, a Czech exile from Paris, did have an explanation, though not a very cheering one. According to him an historical commission appointed by the Soviet Communist Party has indeed established that the 1968 invasion was "a mistake," but Mr Gorbachev has been deterred from publishing it by warnings from the Czech party leader, Mr Milos Jakes, that there will be "civil war" in Czechoslovakia if he does.

As things stand, the absence of a process in Czechoslovakia comparable to those in Poland and Hungary, and the consequent absence of an appropriate Czechoslovak delegation at gatherings like the one in Cracow, makes the notion of "central Europe" look, for the time being, sadly hollow. Another problem is the insistence of many West Germans on considering themselves part of central Europe (or Mitteleuropa, as their language has it). This may make sense geographically, but politically it does not. Poles, Czechs and Hungarians seeking to "Finlandise" themselves might find it useful to co-opt Austria, their old master in the Habsburg empire but now conveniently small and neutral. But their fragile craft would as surely be overbalanced by the inclusion of the German federal republic as it would (in the other direction) by that of the Soviet Union.

That is not to say that West German interest in the project (whether or not it eventually includes East Germany) is not entirely legitimate and greatly to be encouraged, so long as it is that of a benevolent outsider. What must be hoped is that West Germany will take a leading part in getting the West as a whole and especially western Europe to take the idea seriously, because without western help it is very likely to fail. By "the idea" I do not mean necessarily some kind of Central European Federation, but the successful passage of those countries we have hitherto thought of as east European to freedom and pluralism.

Why, it may be asked, is that western Europe's business? There can be various answers, some of them very high-minded – such as that we who have lived in freedom and prosperity in the post-Yalta world owe something to those who drew the short straw; or that, from the "civil societies" that are now emerging from the fire of Stalinism, we can learn something about the spiritual roots of European civilisation. While not dismissing those arguments, it has to be admitted that there are not many votes in them. A more down-to-earth argument is that if this process fails there will be (a) an economic catastrophe, turning "central Europe" into our local equivalent of central America; and (b) a series of desperate revolts, probably provoking a Chinese-style reaction not only locally but in Moscow itself.

Soviet speakers said the Brezhnev doctrine was dead, but could not explain why.

That would be the end of nice Mr Gorbachev, and presumably of the détente and disarmament we are counting on to reduce our defence budgets. Instead we shall face a hostile, unstable eastern Europe and a flood of European boat people descending on our coasts.

We surely must do whatever we can to avert that prospect, by helping ease the pain many innocent people in "central Europe" will suffer from the sudden unleashing of market forces, and by using our financial power and technical or managerial experience, whether as governments, companies, institutions or private individuals, to assist the self-help efforts of "central European" societies, profit-making and philanthropic alike.

OBSERVER

Men behind Time

■ Time Inc will need every trick its advisers can muster to fight off the bid from Paramount and complete instead its merger with Warner Communications. So it is fortunate in having some experienced outside directors to turn to.

Among them are Edward Finkelstein, chief executive of R.H.Macy, who is still trying to cope with the huge debt he used to buy out the department store chain. There is also James Bere, chairman of Borg-Warner, who turned the automotive parts maker private in 1987 to avoid a takeover by GAF.

The board's ace asset shuffler is Michael Dingman, chairman of Henley Group. The company began life as a collection of rejected businesses, known as Dingman's Dogs, spawned by the merger of Allied and Signal. Wall Street loved the idea and chipped in more than a $1bn in 1986 for what was then a record initial public offering of stock, though performance has failed to match the promise.

The director with plenty of his own problems is David Kearns, chairman of Xerox. He has had some success in dragging the company out of a slump, but it is still seen as an attractive takeover target with Hanson as one of the possible bidders.

Grand strategy is the forte of John Opel, the retired chief executive of IBM. Opel is believed to be playing a leading role as the outside directors fulfil their responsibility to choose the deal most favourable to shareholders, although in the end it may all be settled in the courts.

City numbers

■ No shortage now of guides to who does what what in the City. A new Who's Who in the City came last month. There is also the Hambro Corporate Register, which gives a range of cross-references to who owns what and who is advising whom. Yesterday there was a new edition of Becket's Directory which lists over 3,500 City names together with their telephone, telex and fax numbers and, more often than not, the name and extension of their secretary.

Becket's started in 1983. Now for the first time it is being published electronically and can be updated on a daily basis. A single copy costs £75; the annual subscription for quarterly updates is £140. Publication is in association with the Daily Telegraph.

Floating

■ New ruling on the spelling of "floatation" or "flotation", as the case may be. Baroness Hooper, the junior Energy Minister and a former Education Minister, told the House of Lords on Friday that floatation followed the Concise Oxford Dictionary, while flotation was commonly used. Her colleagues in charge of the Water Bill, she added, were consistent in their use of "floatation."

The Shorter Oxford approves both usages, which it says are derived from the French flottaison. The spelling "flotation," it claims, was adopted to make the word conform to flotilla and rotation.

Man in a suit

■ Li Ruihuan, one of the new members of China's ruling six-man Politburo Standing Committee announced at the weekend, was the only one in the official photograph who elected to wear a western suit, collar and tie. The 54-year-old Li, who is mayor of the huge east coast seaport of Tianjin, is reckoned to be be an economic reformer: the suit, though crumpled, was symbolic.

An Ecu for your thoughts, Prime Minister?"

Li has impeccable working class credentials. He started life as a carpenter – when he first became mayor an enterprising film studio made a movie based on his career which sensible Tianjin people made a point of seeing – and then moved up the Peking municipal building department. Anecdote has it that he built two of the capital's most horrendous structures, the Great Hall of the People and the Mao Mausoleum.

When one of my colleagues interviewed him several years ago, he spoke up strongly for reform. "If someone wants to head for the coast, collect 20 kilos of prawns and sell them in the market here, why should we mind?" he said. Foreign businessmen have found Tianjin much easier to deal with than the rigid Shanghai bureaucracy.

Still, China's patronage system means that he is likely to acquiesce with the wishes of the old guard since he is reportedly the son-in-law of Wan Li, Chairman of the National People's Congress and a bridge partner of Deng. He has never expressed sympathy with political reform.

The official photograph also revealed the commanding position of hard-line President (and ex-general) Yang Shangkun, who is thought to have masterminded the military crackdown in Peking three weeks ago. He took pride of place in the group, even though he's not even a member of the Standing Committee.

French push

■ France appears to have acknowledged an uncharacteristic lapse in the appointment of its permanent representative to the European Communities in Brussels. Philippe Louet was named to the post last November. According to his friends, he had not sought the job in the first place and was not particularly happy when he arrived to take it up. The French moved fast when they realised that they did not have the right man in the right place at the right time. Louet has departed for what are described as "personal reasons." He has been succeeded by Jean Vidal, hot-foot from the French embassy in the Hague. Vidal was deputy permanent representative to the Community during France's presidency in 1984. The idea now is to have an experienced man in place when the French resume the presidency next month. President Mitterrand, from whom not a great deal has been heard lately, is taking the French responsibility very seriously.

Cryptic

■ Is this a coded message? There was a notice on the Circle Line platform at Notting Hill Gate yesterday morning: "Train operators please note. The car stopping mark at High Street Kensington has been moved about 50 feet north. Please take appropriate action at High Street Kensington."

LETTERS

'Debt gets you out of bed in the morning'

From Mr Mark Gressle.

Sir, "Other people's leverage" (June 21) erroneously compares leveraged buy-out (LBO) debt to Third World debt.

Your editorial argues that the Third World debt problem has distorted the allocation of capital around the world. This problem, coupled with a deterioration in the profitability of traditional lending, has led financial institutions to seek high returns by funding LBOs.

The leveraged restructuring investments, both debt and equity, do provide superior returns to Third World projects and any similarities beyond that are illusory.

The high returns in LBOs are generated from two sources: strong performance incentives and strict control of new investment.

The substitution of debt for equity is beneficial because debt has high performance effects. It gets you out of bed in the morning; equity, on the other hand, lets you sleep late. Equity's good quality is that it provides participation in the value of the company. A combination of high debt levels and equity participation by management yields superior results. It forces rationalisation of existing operations and better scrutiny of new investment. It re-orients the company's thinking from accounting appearance to cash flow substance, and from growth for growth's sake to investment for value.

Almost all leveraged restructurings are undertaken by companies in mature businesses which throw off substantial free cash flow. Because new investment yields substandard returns, the best investment management and employees can make is to "sell" the company to the banks, and earn it back with improved performance from the existing assets.

The empirical evidence supports this idea. Studies of LBOs indicate that nearly 70 per cent of the LBO companies achieve better trading profits compared with the results before the buy-out.

The increase in leveraged restructuring does not represent a misallocation of resources, but rather a response by the financial markets to unearth value in mature industries. Further: the increase in the number and size of equity funds available to effect LBO's is beneficial in that it creates greater competition.

It is now difficult for management to buy the company at a low price.

Mark Gressle,
Stern Stewart,
37 Bedford Square, WC1

Fashions come and go

From Mr Michael Barnato.

Sir, Christopher Lorenz (June 21) entertainingly charts the rise and fall of a number of business fads and fashions. Surely the key questions are: what went wrong, why did they fail and what are the lessons for the future? It seems to me that there are four factors to consider.

First, in some cases management consultants successfully developed or adapted a solution, packaged it, and then went in search of a problem to solve. In many cases they failed to bridge the gap between a longer term future strategic perspective and the current short-term financial and operational performance.

Second, single theories of business success (like globalisation, one-stop shopping and so on) cannot be successfully applied to every business, regardless of differences in markets, competition, technology and people. Few businessmen had the time to study the original idea; they relied on the popular version, which often left out the caveats. Even if there were to be a simple "quick fix" now, it might not be appropriate in the future, as changes occur in the internal environment.

Third, many of the fads have ignored the need to combine both "hard factors" and "soft factors" for business success. It is, for example, insufficient to get systems and organisation structures right if staffing, people development and customer care are wrong.

Fourth, much of the loss of glamour of corporate doctrines stems from poor implementation rather than poor doctrine. It is no good doing the right thing: things must also be done right. Many of the failures reflect the poor implementation of a useful idea.

Take, for example, one-stop shopping, where it was hoped that customers would buy a range of associated services from the same institution. Its successful application to advertising, financial services, estate agency, car retailing and auditing/consulting was eagerly awaited. Lack of success was not because the idea was wrong, but rather because insufficient attention was paid to practical problems of implementation. In many cases there has been a failure to recognise that existing remuneration arrangements, working practices and organisation culture actively discourage cross selling.

Care is needed in defining the concept of the core business. It can be defensive and inward looking ("what we have we hold"), or outward looking and expansionary ("into what other countries, particularly in Europe, can we develop our core business?").

There is also nothing wrong with the concept of diversification. But many of the failures have resulted from poor implementation. Acquisitions have been made in an auction atmosphere, at unrealistically high prices. Incompatible or very different cultures have not been taken into account (such as between clearing banks, merchant banks and stockbrokers).

There has also been either a neglect of detailed planning after the acquisition, or a diversion of too much top management time into this – such that customers and clients have suffered.

Michael Barnato,
Industrial Evolution,
34 Park Street, W1

Broadcasting by auction

From Mr John Beishon.

Sir, The Home Secretary's statement (FT report, June 14) confirms the UK Government's determination to press ahead with an auction system for allocating commercial television franchises. Some "safeguards" are proposed, but the central proposals in the white paper remain unchanged.

This is intensely depressing for consumer organisations, as it is for all concerned with the future health and quality of the television industry. The Government was absolutely right to "place the viewer and listener at the centre of broadcasting policy." But it soon became clear that the proposed auction system would have just the opposite effect.

It is not difficult to see why. Although the white paper talks in terms of a "more open and competitive broadcasting market," this is not an area where market forces – usually the consumer's best friend – can easily be made to serve consumer objectives. The central problem is that (with the small exception of subscription TV services) this is not a market in which the consumer can play an active part. The market for TV franchises will be dominated by advertisers, and TV companies will have to reflect advertisers' interests.

What advertisers are prepared to pay is related to programme popularity. But advertisers have no direct interest in the quality and choice of programmes on offer – still less in the diversity of programming put out by a particular company. Yet it is these that matter to the consumer.

The safeguards Mr Hurd proposes are clearly better than nothing – and there are particular attractions in the idea of a performance "bond" out of which fines could be paid if a company fails to provide the promised range and quality of programmes. This is an improvement on the threat of withdrawing a franchise, which was originally proposed. But the rest of the package hardly deserves even one modest cheer. We are promised a "strengthened" quality threshold, but it is not clear how the quality of the companies' submissions will be assessed, or by whom. We are promised that in "exceptional" cases the highest bid will be over-ridden, but it is important that the criteria to be applied are spelt out now, so that we can assess them in advance.

If these safeguards are to work, they will require a substantial centralised research capacity to evaluate the record of the companies concerned and consumer views on the programmes on offer. There is no evidence of any Government commitment to provide this, following the projected demise of the IBA's research department. More fundamentally, any attempt to apply these safeguards strictly will amount to an admission that the logic of the bidding system itself is flawed.

In which case, why bother with it? It is now less clear than ever what it is intended to achieve, other than a very modest gain for the Exchequer. The Government, thankfully, has evidently been swayed by the debate so far. But on its central proposals we can only hope it will think again – or be forced to, as the forthcoming Broadcasting Bill makes its way through Parliament.

John Beishon,
Consumers' Association,
2 Marylebone Road, NW1

Buyers and sellers in the housing market

From Mr Lionel Bloch.

Sir, The National Association of Estate Agents' new conveyancing proposals, published in the document "Moving With Tears," are self-serving and unrealistic.

Delays in buying houses are not caused by local searches which can be obtained by personal attendance or by survey which can be carried out promptly. Very often delays result from problems revealed by the local searches and the need to negotiate price reductions following unfavourable surveys. If the estate agent works for both sides, how can the conflict of interests be solved?

A solicitor will charge between £350 and £500 (plus VAT) for the sale of a freehold at £140,000. A typical estate agent's commission for such a transaction is £4,350 plus VAT. This stunning discrepancy explains the agent's anxiety to get the deal through quickly. It does not encourage the careful negotiations required to give a purchaser the best possible deal.

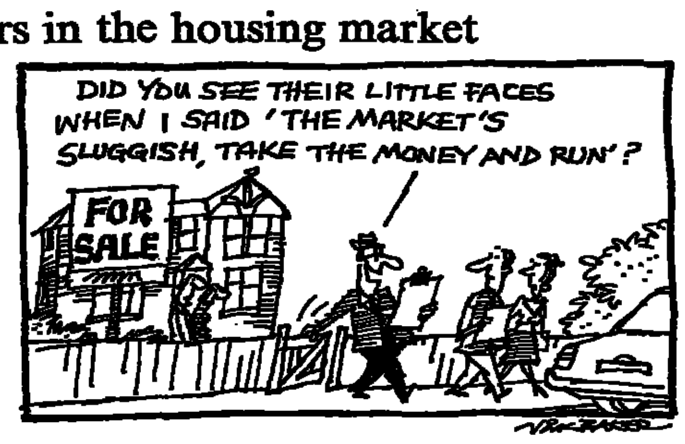
The truth is that most people want a quick transaction only in principle. When it comes to decisions they prefer open-ended arrangements. A purchaser likes to be free to change his mind in case he finds a better property.

In any event, he will be reluctant to break a "chain" – he does not want to risk completing a purchase before selling his own house. The prospect of paying two sets of mortgages, rates, insurance and so on determines the timetable of most purchases. The possibility of postponing the double payments by incorporating them in a mortgage will only increase the financial costs of temporary double ownership.

Vendors also prefer to keep their options open in case they get a better offer. They rarely agree a completion date unless they can move into their new house; they do not relish the prospect of temporary accommodation.

Any attempt to impose early commitments in house transaction involves drastic curtailment of the right of an individual to get the best possible deal. It represents a serious interference with the freedom of contract.

Lionel Bloch,
9 Wimpole Street, W1



From Mr O.H.F. Guillebaud.

Sir, A crowd of opportunists entered the estate agency field during the 1980s property boom; practices abound which would have been unthinkable to our predecessors. The UK Consumer Affairs Minister calls for new regulations which, if enacted as proposed, will have no more than a cosmetic effect.

Guidelines published simultaneously by the Law Society sensibly advise the public not to deal with agents who sell financial services to purchasers. Who would have thought it ethical – let alone legal – ten years ago for one company to control subsidiaries, one of which acts for the vendor while another lays on finance for the purchaser – and a third values the property for the purchaser's financier?

The size of some estate agencies, with offices numbering from dozens to hundreds, confers apparent respectability, but questions are being raised as to whether something should be done to protect both buyers and sellers. In the meantime, many chartered surveyors soldier on as best they can, conforming to the rules of their professional body.

The UK is the only country in the western world where estate agents are almost uncontrolled by law. The most stringent rules, with appropriate penalties and disqualification, apply in other parts of the European Community. British lawyers, doctors, architects and insurance brokers are all rigidly controlled. Why not estate agents?

Perhaps we will be compelled to put our house in order after 1992, but this is some years off. The conditions which have led to a constant rise in property values have protected buyers and sellers from things going too badly wrong, but if we are entering a more stable period for property values, more care should be taken in selecting an agent whose style of operation is designed to protect a client's interest.

Such motivation is called "professionalism." A professional is one who places his client's interest above his own. This ethic can conflict with the practices adopted by some of the new commercial companies, in which staff bonuses provide incentives for practices against the public interest – professionalism has given way to business methods designed to boost share values instead.

Besides following the Law Society's advice to avoid agencies which also sell financial services, it would seem prudent at least to look for qualifications on the firm's letter-head. The sanctions of professional bodies are a valuable protection for the public.

O.H.F. Guillebaud,
Robert Barry,
Cotswold House,
Gloucester Street,
Cirencester, Gloucestershire

Balance in Burma

From Mr N.N. Than.

Sir, Though your Burma report (June 22) is basically factual, the reference to "... last September, when diplomats said at least 1,000 protesters were killed" raises some questions. Which diplomats, and of what rank? How verified, and on what evidence?

To be fair and balanced, the Myanmar (Burmese) Government's official statement should at least have been mentioned. Of the 515 deaths, 15 were demonstrators and 500 were armed looters shot during widespread looting and destruction – even after the imposition of martial law and curfew – of factories, cemeteries and so on. There is surely some difference between protesters/demonstrators and armed, violent looters.

These armed, homeless/propertyless looters completely destroyed and looted the largest cemeteries in Yangon (Rangoon), to the extent of selling the bricks from destroyed tombs (at about 30 pyas each). This remains unreported by the media. Another interesting aspect of media reporting is that on other current and more momentous events, the diplomats' or journalists/analysts' estimates on casualties are balanced almost always by respective official statements. That indeed is food for thought.

N.N. Than,
Embassy of the Union of Myanmar (Burma),
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Federal Republic of Germany

English as it is taught

From Mr Derek Coggrave.

Sir, Those who advocate laissez-faire attitudes towards teaching grammar (FT report and editorial on working party recommendations for the teaching of English, June 23), and consequently, low levels of standard English, accepting that some 16-year-olds will leave school with the competence of nine-year-olds, are usually articulate and well versed in the techniques of the language.

Perhaps they do not realise that in pursuing the path of mediocrity they are assisting further in reducing the UK's competitive position.

As part of the GCSE (general certificate of secondary education) examination a student can elect to sit a written test or, alternatively, submit project work. There seems no logical reason why, in the same way, a written test in English grammar should not form part of the GCSE examination, with students electing to sit a written test if they so wish.

Employers could employ students who had passed an examination in grammar (if they wanted to). Similarly, universities could make it an entrance requirement.

The Government would probably recognise this as a case of its heavily promoted concept of market choice, but perhaps it is too much to expect that ministers would accept the force of their own arguments.

Derek A. Coggrave,
25 Wentworth Park, N3

Robert Rice on possible revision of Lord Mackay's legal reforms

Considering a change of heart

Evidence emerging from Whitehall in recent weeks suggests that Lord Mackay, the Lord Chancellor, is reconsidering his green paper proposals to end the barristers' monopoly on rights of audience in the higher courts.

The news for the most part has been received sceptically by the Bar. Although barely able to disguise their delight at the thought that it may be true, the Bar's leaders point out that extending rights of audience in the higher courts to solicitors and others who can demonstrate that they have reached the required levels of education, training and experience is the central plank of the Government's proposals. To allow barristers to retain their monopoly on advocacy in the higher courts would be a complete volte-face.

The Law Society, the solicitors' governing body, has no such doubts. Its reaction to the Whitehall intelligence was to submit a further paper on rights of audience to the Lord Chancellor.

According to the society, Lord Mackay is having second thoughts about three aspects of the rights of audience proposal.

He is persuaded, apparently, by the Bar's argument that it is vital in the interests of justice that those practising as advocates should be bound by the so called "cab-rank" rule. But as most solicitors know only too well, the rule, under which barristers must take any client who seeks their services in the field of law they practise, is more honoured in the breach than the observance.

It is designed to ensure that clients are not denied access to justice, however unpopular their cause or repellant the crime of which they are accused. But barristers who do not want difficult clients or unprofitable work evade the rule either by telling instructing solicitors, through their clerks, that they are already booked on the relevant date, or by quoting such a high fee for the work that the solicitors are obliged to look elsewhere.

The rule has never applied to solicitors, who represent vast numbers of people in the lower courts, yet there has never been any suggestion that it has been difficult for clients, however unpopular, to find competent solicitors.

Lord Mackay is also said to be persuaded by the Bar's argument that it is necessary for all advocates to practise singly rather than in partnership. The conflict of interests between specialists in the same set of chambers appearing for opposite sides in the same case is minimal because they practise as individuals. If they were in partnership together such a situation would place them in an impossible position of conflict between their duty to their clients and their wider duty to the partnership.

Solicitors argue that their professional obligations already override what would otherwise be incidents caused by practising in partnership. If Lord Mackay is persuaded of the need for advocates to be sole practitioners, however, it will be impossible for solicitors to remain in partnership and practise as advocates in the higher courts.

Finally, Lord Mackay is said to accept that those involved in the investigation and preparation of evidence for cases in the higher courts should not also be allowed to present them. The Bar wishes to retain this work as a training ground for young barristers, while the Crown Prosecution Service sees rights of audience in the Crown Court for both its solicitor and barrister prosecutors as a means of making the CPS more attractive to young lawyers, thereby solving its recruitment crisis.

If the Lord Chancellor has changed his mind on these three points it would represent a big change of heart on rights of audience. What the profession wants to know is why?

The simple explanation is that having received more than 2,000 responses to the green papers he is convinced that changes to the proposals are necessary. Despite the criticism about his having produced what allegedly amounted to white papers without any prior research or consultation with the profession or the judiciary, Lord Mackay resolutely insists that the papers were consultation documents and that having consulted he would not hesitate to change his mind if persuaded he should do so.

It is possible that even though it took the green papers to persuade the Bar to do so, the changes announced to its structure and working practices – a more formal pupillage, or training structure, paid pupillages, the introduction of a Bar Library system – have been sufficient to change his mind on rights of audience.

He may be persuaded that if the net result of these changes is that the Bar is open to anyone who reaches the required standards of education and training then there is no reason to formally abolish the barristers' monopoly on advocacy in the higher courts.

After more than 2,000 responses he is convinced that changes to the proposals are necessary

The other explanation is political. Solicitors in particular want to know why the most radical proposals for change in the legal profession this century have not yet been debated in the House of Commons? The National Health Service reform proposals have, so why not the legal reforms?

Lord Mackay's answer to this is that his proposals are green – for consultation – and the NHS proposals are white and therefore firm. Why then if green paper proposals do not merit parliamentary time did the Lords give over a whole day to debating the reforms?

The answer preferred by the Law Society and the one being given wider credence in the media is that Sir Patrick Mayhew, the Attorney General, has made the Government's proposals a resignation issue and as the Government's senior legal adviser and spokesman on legal matters in the Commons he is not prepared to put the Government line in debate.

But is it credible that the Government would abandon the central plank of its reform in the face of his resignation threat? The Government will have expected from the start that it would have to be prepared to modify and give ground on some of the more contentious proposals. With that in mind it has probably also had fall back positions.

The Lord Chancellor has hinted that he is thinking again about the structure and role of the proposed Advisory Committee on education and conduct, the source of much of the judges' disquiet. It is safe to predict that any measures to assist in the funding of litigation will stop short of allowing full "no win, no pay" contingency fee arrangements.

And while the Government is unlikely to back away from the principle that the banks and the building societies should be allowed to carry out conveyancing (property transfer) work for their own borrowers, it is generally accepted that the rules which will have to be drawn up to ensure an even playing field between the financial institutions and others doing conveyancing, would have to be so stringent as to make it unattractive for the institutions to venture into conveyancing on any significant scale.

On balance, it still seems safe to predict that the Government will stand firm on its philosophy of ensuring greater competition in the provision of professional services. This, amongst other things, would guarantee the lifting of the statutory ban on multi-disciplinary partnerships, making solicitors eligible for appointment to the High Court Bench. But it is no longer certain that it will end the barristers' monopoly on rights of audience in the higher courts.

There is still room to be wrong about any of this. Lord Mackay will not make his final plans for reform known until the end of July when he will publish one or more explanatory papers setting out the Government's intentions.

In debating the issues and trying to predict the outcome the one factor that seems to have been underestimated is the part politics has to play in the implementation of reform. If the whispers are to be believed it may yet have the last word.

FINANCIAL TIMES
Tuesday June 27 1989

Moscow admits N-arms on stricken submarine

By David White, Defence Correspondent, in London

THE SAFETY record of the Soviet Navy and its large fleet of nuclear-powered vessels has once again attracted international concern, after an accident yesterday aboard one of its cruise-missile submarines off northern Norway.

The Soviet Navy last night confirmed that there were nuclear weapons on board. But Commander-in-Chief Admiral Vladimir Chernavin said on television the weapons were safe and were unaffected by the accident.

The nuclear-propelled submarine was last night struggling back to its home base on the Kola Peninsula, north of the Arctic Circle, after a reactor breakdown.

The vessel is equipped to carry anti-ship missiles with high-explosive or nuclear warheads and torpedoes – some of which might also be nuclear-tipped.

The incident took place shortly after midnight and was discovered when a Norwegian F-16 fighter saw smoke billowing from the stricken vessel, which had shut down its reactor and surfaced.

The submarine, of a class known in the West as Echo II, is one of the oldest of its kind in the Soviet fleet – it dates from the early 1960s.

In spite of Soviet assurances about the environmental risk, Mr Johan Joergen Holst, Norway's Defence Minister, said the information contained insufficient detail. The Norwegians would take air and water samples to test for radiation leaks.

Norwegian officials complained that Soviet authorities took 6½ hours to inform Oslo of the accident. Similar complaints were made when a more modern Mike attack submarine – the only one of its class – sank on April 7 about 200 miles from the scene of yesterday's incident, with the loss of 42 lives.

"When two such incidents happen so close together, we cannot help but feel uneasy about these vessels close to our waters," Mr Holst said. The latest incident took place about 70 miles off Norway's coast.

Mr Dmitri Yazov, the Soviet Defence Minister, said none of the crew was hurt. "The radiation situation is normal. People are safe," he said. He added that a commission would be set up to investigate the cause of the accident.

According to Western authorities, the vessel has eight launch tubes for cruise missiles and a typical load of 29 torpedoes. It is reckoned to carry a crew of between 90 to 100.

The incident follows public criticism in the Soviet Union of the training of nuclear submarine crews.

A letter from a serving captain in the Soviet Northern Fleet, published in a trade union journal last week, said: "It will probably surprise you if I say that the nuclear installations on our submarines are operated by people who are not sufficiently trained, and some of them are not trained at all. But we still go on sailing."

The Echo II class was designed to counter US aircraft-carrier battle groups. It has to surface, however, to fire its missiles and has only about a third of the displacement of the latest submerged-launch Oscar class submarine.

The submarine was heading home last night under auxiliary diesel power, helped by Soviet support ships.

The Soviet news agency Tass reported that there had been "a failure of the airtight seal of the reactor's first cold circuit."

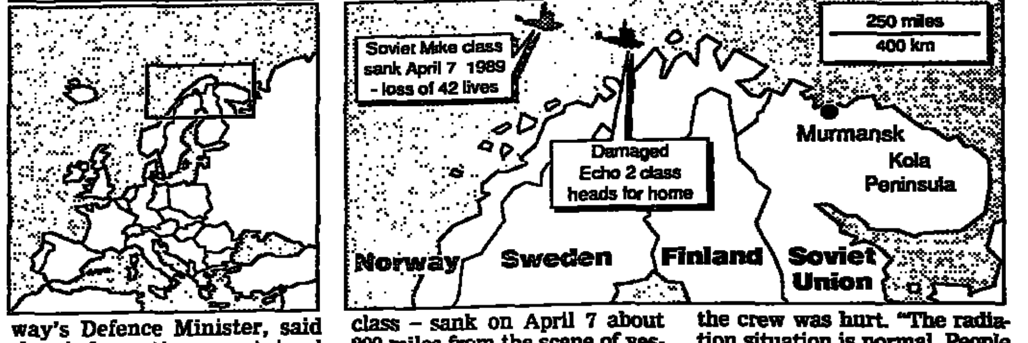
Three twin-reactor Soviet nuclear submarines have sunk in the Atlantic since 1970, including the titanium-hull, Mike-class vessel.

According to a recent report by Greenpeace and the Institute for Policy Studies in the US, the Soviet and US navies have between them lost nine nuclear reactors and 50 nuclear weapons on the ocean floor.

Sunken Nuclear Submarines

1963	USS THRESHER East of Cape Cod
1968	USS SCORPION South-west of Azores
1968	SOVIET GOLF CLASS North-west of Hawaii
1970	SOVIET NOVEMBER CLASS North-west of Spain
1986	SOVIET YANKEE 1 CLASS East of Bermuda
1989	SOVIET MIKE CLASS Off north Norway

Right: Echo - 2 class Soviet submarine the type in trouble off Norway



Japan's ruling party may abandon Uno

By Ian Rodger in Tokyo

JAPAN'S ruling Liberal Democratic Party seemed to be preparing to abandon Prime Minister Sousuke Uno yesterday, after a double shock on Sunday: a severe by-election defeat and the public appearance of a woman who claims Mr Uno paid her to be his mistress four years ago.

A senior LDP official said after a meeting of party heads that Mr Uno should not be made to work too vigorously in the current Tokyo city and parliamentary election campaigns, because he had to be in good form for the mid-July summit of leading industrial nations in Paris.

Political analysts said this should be interpreted as meaning that the LDP did not want Mr Uno to campaign, because he had become an embarrassment. Party leaders admit openly they are worried that the party will lose its majority in the upper house of the Diet, following the elections to fill half of its seats on July 23.

There is increasing talk of an early dissolution of the Diet for a general election this autumn.

Mr Uno, who became Prime Minister less than four weeks ago, was expected to boost the party's image in the wake of the Recruit bribery scandal, because he had not been involved in any of the wrongdoing. However, his personal and political weaknesses became immediately apparent.

Politically, he suffers primarily from the lack of a power base in the party, and, within days of his appointment, a 40-year-old divorcee, concealing herself behind the name of "A-san" (Ms A), told newspapers that he had treated her in a shabby way when he had taken her on as a mistress.

Japanese society has traditionally been tolerant of men's extramarital activities, but this affair attracted wide criticism, particularly after it was publicised by foreign media.

The extent of the slump was demonstrated on Sunday when the Japan Socialist Party won a stunning victory in a by-election in a traditionally conservative constituency for a seat in the upper house of the Diet.

The LDP's vote fell by 33 per cent, while that of the JSP rose 27 per cent. The winner, Ms Kinuko Ofuchi, an unknown housewife contesting her first election, defeated a popular local politician.

Analysts have attributed the LDP defeat to a combination of factors, including the introduction of an unpopular 3 per cent value added tax in April, the liberalisation of some farm product markets, the Recruit affair and, not least, what has become known as Mr Uno's woman problem.

Ms A attracted a fresh flurry of publicity on Sunday when she appeared on a television programme, revealing herself as Ms Mitsuko Nakanishi.

However, by last night, it appeared that interest in Ms Nakanishi was dying down, but the Japanese people remain upset about Mr Uno's woman problem, mainly, it seems, out of fears that it will be raised by foreign reporters at the Paris summit.

Mexico's creditors agree to debt relief

By Stephen Fidler in London

MEXICO'S leading creditor banks have responded to a request for debt relief and have offered to reduce the face value of loans by 30 per cent.

The plan, put together by a 15-member group of Mexico's main creditor banks led by Citicorp of the US, would reduce debt outflows by $1.8bn per year over three years, compared with the $4bn to $4.5bn reduction originally requested.

The talks, which started three months ago, should provide a blueprint for future agreements under the international debt strategy launched in March by Mr Nicholas Brady, US Treasury Secretary.

Under the proposal, which has may not be accepted in its present form by Mexico, banks would be able to choose from three options:

- Reducing debt principal on $54bn of medium and long-term bank loans by an average 30 per cent. The loans would be exchanged for 30-year bonds with a face value of 70 per cent and paying market interest rates.
- Exchanging loans for low-interest bonds with no change in face value. The 30-year bonds exchanged for the roughly $39bn of loans made before 1982 would carry 7¼ per cent fixed interest rates, while those exchanged for the $15bn of post-1982 loans would carry 7¾ per cent interest.
- New loans, or recycling of interest payments.

The banks have also requested the Mexican Government to allow an annual $3bn in debt-to-equity swaps.

The banks' offer is based on the principal of 'equivalence' – that whichever option the banks choose will lead to the same amount of relief to the Mexicans.

The banks will extend the offer into a fourth year, if a three-year extended facility from the International Monetary Fund is itself allowed to run for another year.

The banks' previous proposal, rejected by the Mexicans, called for a 22 per cent reduction in debt principal. There was evidence that one European bank in the leading group dissented from the offer of a 30 per cent discount, but agreed that the offer should be made. The plan was presented not by the advisory committee of banks but by the three bank chairmen of the group, from Citicorp, Swiss Bank Corporation and Bank of America.

Open door for East-West links

Jennifer Monahan on why Gorbachev favours the Council of Europe

THE newly elected Supreme Soviet today makes one of its first forays into the arena of European pluralism and democracy when its members meet a delegation from the Parliamentary Assembly of the Council of Europe.

The delegation is the first from abroad to be received by the Soviet Parliament, an event which officials of the Council stress is "no accident." The talks in Moscow will include final arrangements for Mr Mikhail Gorbachev's speech to the Council Assembly in Strasbourg during his visit to France next week.

In April when the Soviet leader announced his visit to Strasbourg, it exposed the prickly relations between the European Parliament and the Council of Europe, which share the same modern premises in the Alsatian capital. Why did Mr Gorbachev choose to address the Assembly of the Council of Europe, whose representatives are appointed from national parliaments, and not the directly elected European Parliament?

The answer throws interesting light on the role of the 23-member Council, now 40 years old, in a Europe where post-war certainties are melting.

"Of course it's a deliberate choice," says Mrs Catherine Lalumière, former French Socialist Minister for European Affairs, who was elected in May as Secretary General of the Council. "It's because of what this organisation represents – democracy, pluralism, the rights of man." The Council provides possibilities for East-West links not available within the tighter economic and political grouping of the European Community.

With the accession of Finland in May, the Council of Europe now includes all the states of Western Europe, aligned, non-aligned and neutral. The conditions of membership are representative democracy and implementation of the Acts of the Conference on Security and Co-operation in Europe (born in Helsinki in 1975). By and large, these conditions have been kept to, but the continued presence of Turkey after the military coup in 1980 provoked a storm which still leaves bitterness.

The Council is known principally because of its unique role as overseer of individual liberties embodied in the European Convention on Human Rights, backed by the Commission and the Court of Human Rights.

The Court made a slow start in the 1950s and 1960s, but is now enjoying – or suffering – the "snowball effect" as more and more European residents call on it in support of a case against the state. The body of case law that has been built has forced governments to alter the rules.

Mr Peter Leuprecht, director of Human Rights at the Council, quotes favourite examples: a Belgian single mother who in 1979 won changes in inheritance laws for illegitimate children; a Moroccan father of a Dutch child whose expulsion from Holland was found last year not to comply with respect for family life. British cases outnumber the rest, largely because of a lack of domestic means of redress.

Human rights are the driving force in the new links emerging between the Council and Eastern Europe. Mr Hans-Peter Furrer, the Council's political director, makes the point by asking: "What is perestroika?" His answer: "An attempt to mobilise individual responsibility and initiative." Perestroika needs human rights, he insists. It is not conceivable without guaranteed individual freedoms.

What Mr Gorbachev is seeking, Mr Furrer is certain, is some institutional framework for linking into Western Europe. The Soviet leader could try building from scratch, but the Council is there to meet the need.

Cynics may argue that the Council is merely being used as a platform to win respectability. The Council's senior officials agree the Assembly provides a platform, but adds that the price of respectability, with all its potential economic and political advantages, is not negotiable.

Links built over the past two years between the Council of Europe and two other countries, Poland and Hungary, provide a glimpse of how co-operation can come about. In the tumultuous and nervy moves towards democracy, Council officials have met in both countries a great need for information and expertise.

"The amount of things that are changing is absolutely remarkable," says Mr Leuprecht. "They want our help, for instance, in the changes they are making to penal law, criminal procedure, freedom of information, the right to conscientious objection, independence of the judiciary . . ."

The climate could not be more different from the post-war days when the Council of Europe was seen in Moscow as an instrument of the Cold War. But having opened doors eastwards, is the Council up to the revolutionised expectations being thrust on it? Its own constitutional make-up is not built for fast delivery. The impetus and initiative come from its Parliamentary Assembly; a lot of hard groundwork by specialist committees goes in to the conventions, rules and standards on subjects which extend beyond the boundaries of the 12, such as capital punishment, environmental protection and foreign language teaching.

Mrs Lalumière, on the eve of Mr Gorbachev's long awaited speech, points out that Western Europe has lived for 40 years in "great intellectual comfort." If, in response to the explosion of ideas in the East, "we simply hold our traditional positions, then we are going to look impoverished." While no one knows yet what exactly Mr Gorbachev means by "the common European house," Mrs Lalumière considers it a good media phrase, but a house without furniture. Its contents have yet to be constructed, and she knows they will have to take unaccustomed shapes. But the basic ground plan, the broad principles, says Mrs Lalumière, must rest firm.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		-	-	Dubrovnik	S	25	77	Malta	S	27	81	Rhodes	S	26	79
Algiers	S	34	93	Edinburgh	C	14	57	Manchester	F	19	66	Rio de J'o		-	-
Amsterdam	S	22	72	Faro	S	26	79	Manila	C	30	86	Rome	S	26	79
Athens	S	28	82	Florence	F	29	84	Melbourne	S	10	50	Salzburg	S	26	79
Bahrain	S	36	97	Frankfurt	S	27	81	Mexico City	R	22	72	San Francisco	C	14	57
Bangkok	F	33	91	Funchal	S	23	73	Miami	F	24	75	Seoul	C	26	79
Barcelona	C	27	81	Geneva	T	31	88	Milan	S	29	84	Singapore	F	26	79
Beirut		-	-	Gibraltar	S	30	86	Montreal	S	23	73	Stockholm	S	26	79
Belfast	C	14	57	Glasgow	C	14	57	Moscow	T	22	72	Strasbourg		-	-
Belgrade	S	26	79	Guernsey	F	19	66	Munich	S	25	77	Sydney	C	12	54
Berlin	S	29	84	Helsinki	S	23	73	Nairobi	F	22	72	Taipei	C	29	84
Biarritz		-	-	H Kong	C	28	82	Naples	S	29	84	Tangier	F	24	75
Bombay	R	27	81	Innsbruck	T	26	79	Nassau	C	32	90	Tel Aviv	S	28	82
Bordeaux		-	-	Inverness	C	15	59	New Delhi	S	37	99	Tenerife	S	25	77
Brussels	S	26	79	Islamabad	F	39	102	New York	S	23	73	Tokyo	S	28	82
Budapest	F	25	77	Istanbul	S	30	86	Nice		-	-	Toronto	F	21	70
B Aires	R	15	59	Jakarta	C	33	91	Nicosia	S	28	82	Tunis	S	31	88
Cairo	S	32	90	Jersey	F	19	66	Oporto	C	19	66	Valencia	S	28	82
Cape Town		-	-	Jo'burg	S	16	61	Oslo	C	18	64	Venice	S	27	81
Caracas	C	27	81	Lima	C	19	66	Paris		-	-	Vienna	F	25	77
Casablanca	S	28	82	Lisbon	S	25	77	Peking	S	32	90	Warsaw	F	25	77
Chicago	S	22	72	London	C	20	68	Prague	S	26	79	Washington	S	26	79
Cologne	S	28	82	Los Angeles	F	16	61	Reykjavik	S	9	48	Zurich	F	26	79
Copenhagen	S	23	73	Luxembourg	S	25	77								
Corfu	S	26	79	Madrid	S	32	90								
Dallas		-	-	Majorca	S	30	86								
Dublin	C	15	59	Malaga	S	35	95								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Cut in threshold for UK bids ruled out

By Nikki Tait in London

THE Takeover Panel, Britain's bids watchdog, has ruled out any change in "trigger level" at which the acquisition or build-up of a stake in a UK company obliges the holder to launch a full bid from the present level of 30 per cent or more of the voting rights.

Last autumn, there were strong calls from a number of industrialists for this figure to be reduced. Some suggested a threshold of 15 per cent.

The subject came up frequently at the annual conference in November of the Confederation of British Industry, the employers' organisation. Mr John Banham, director-general, proposed a six-point plan for slowing the takeover process and making more information available to the defending company's shareholders.

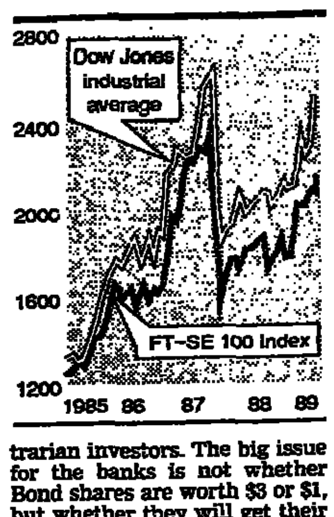
In response, the Takeover Panel set up a working party, chaired by Lord Rockley – then chairman of the corporate finance committee of the British Merchant Banking and Securities Houses Association – to look into the issues.

On the basis of the Rockley Committee's findings, the Panel said yesterday that it believed that: "30 per cent is the right figure. It has stood the test of time. The Panel does not believe that the level at which control is exercised has changed and, therefore, it rejects suggestions that the 30 per cent level should be changed."

THE LEX COLUMN

A sterling test for interest rates

If the foreign exchange markets really had been hoping for signs that Mrs Thatcher was suddenly going to do an about-turn and announce early British membership of the European Monetary System, her vague statements yesterday must have come as a disappointment. However, to attribute yesterday's weakness in sterling to Mrs Thatcher's comments at the Madrid summit is overstating the importance of that forum to the short-term outlook for sterling. Fears about today's UK trade figures and the strength of the Government's commitment to take whatever measures are necessary to curb the slide in its currency, are far more relevant.



The continuing robust performance of the London equity market and the surprising calmness in the money markets, suggests that the exchange rate will be allowed to slide further without triggering a panic interest rate response from the authorities. If this is correct, then the continuing weakness of the exchange rate is no surprise. However, a steady and gentle devaluation of any currency is most unlikely to be permitted in the current floating exchange rate environment, and the foreign exchange markets, sensing Government indecision, are likely to force matters to a head. The trade-weighted sterling index was allowed to fall by 4 per cent before last month's one per cent base rate rise, and it has since fallen by almost another 4 per cent.

If the UK authorities really have gone soft on the exchange rate, then the response of the equity market is understandable. But it would not take a terribly bad trade number today to test the firmness of the Government's anti-inflation resolve. With luck the authorities may be able to muddle through without having to resort to the interest rate weapon again, but the exchange rate is getting perilously close to the level where this cannot be taken for granted.

Bond Corporation

Mr Alan Bond's business empire has been buffeted by so much adverse news lately that it is easy to underestimate the importance of the latest setback. Indeed, these days the affairs of Bond Corporation are followed far more closely by bankers and other creditors, than by all but the most contrarian investors. The big issue for the banks is not whether Bond shares are worth $3 or $1, but whether they will get their money back, and in this respect the latest developments are a severe blow.

The Australian Broadcasting Tribunal ruling brings Mr Bond considerably closer to being a forced seller of his Bond Media stake and there is even an outside risk that the licences might be cancelled. Given that the Bond Media stake is in the books at far more than its current value, any sale could do serious damage to Bond Corporation's A$3bn net worth. The group still has plenty of assets left to sell, but those which can be sold at a substantial profit are steadily dwindling.

The suspension of Bell Resources' shares, which has the effect of blocking its A$3.5bn purchase of Bond's brewing businesses, is less of a setback since all that Mr Bond was doing was shuffling assets around his empire, and if he wanted to continue to do this he would presumably provide the information that the Australian Stock Exchange wants, provided that is that it does not contain some untold horrors.

Gateway

It was never going to be easy to persuade the market that equity worth "at least 15p" one day was worth at least twice that the next. The market, of course, has not yet properly been told of the new valuation for the stub. But the Takeover Panel should have finished listening to the grousing of both sides on the issue fairly soon, and the news will then be official.

That may not make it much easier to evaluate, even so. At the moment, Salomon seems disinclined to back up its valuation with anything so crude as its assumptions on the p/e at which the equity would eventually be floated on the market. Unless it reconsiders – under Panel pressure – then investors will face a large leap of faith between the initial 15p valuation and the new 30-35p. There is no question of Salomon underwriting the equity at that level, and even less question of Isosceles being allowed to buy at above 230p as a result. So in the end, it comes down to faith in Salomon's judgement and the American valuation methods which produced the higher figure have little track record on this side of the Atlantic.

Still, given the large chunk of stock Isosceles can speak for already, it would not take much to tip the battle decisively its way. Perhaps those institutions which are temperamentally inclined towards Isosceles in any case may wish to accept Salomon's arguments. But their inclinations could surely be overcome by at most another 5p in cash from Newgateway. With that, Newgateway might well be able to build up the kind of stake which would seriously frustrate Isosceles intentions.

Davy Corp

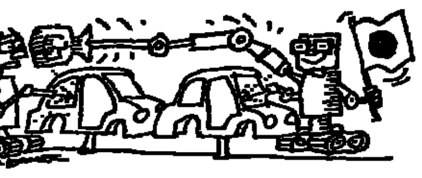
Makers of consumer goods and builders of houses may not like what they see on the economic horizon. But if the latest figures from Davy are anything to go by, capital goods producers should have nothing to complain of for some time to come. Orders were a quarter higher at the year end than the previous year, and since then corporate investment intentions have shown no sign of flagging. The US iron and steel industry is using its unaccustomed profits for a reinvestment and modernisation programme which is long overdue – and which could well continue after any downturn in steel demand, as it is not demand-led.

Eventually, of course, the investment cycle will turn down. But economic cycles are likely to have little impact on Davy's green-related businesses: public demand for clean air and water is putting a lot of work Davy's way already, and that can only grow. But it is a risky business, as Davy learned to its dismay when problems with flue gas desulphurisation in Germany halved profits two years ago. And until one can be sure that will not happen again, then a rating of nearly 10 times prospective earnings is probably no more than fair.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday June 27 1989

INSIDE

They don't build em' like they used to



At Cassino, near Naples, and Emden in West Germany stand the "showcase" car assembly plants of Fiat and Volkswagen. As the "bodies-in-white" – unpainted bodyshells – glide by and sparks fly from the robots, both plants represent a step towards completely integrated, automated vehicle production. But can they compete with the ever-improving productivity and efficiency levels of the Japanese vehicle industry, which by the mid-1990s will be tackling Europe's car market substantially from within? John Griffiths reports. Page 31

A walk on the wild side

Last year 1,820 British farmers set aside land in response to the Government's offer of £80 an acre to compensate them for loss of income. The idea was to cut the production of surplus cereals. The Ministry of Agriculture has recently invited applications for the current crop year and many more farmers will be giving the scheme serious consideration. But most will do so with some reluctance, explains David Richardson. Page 32

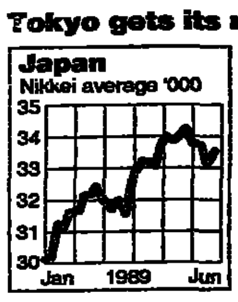
Gestetner far from stationary

Gestetner, the office equipment group headed by Mr Basil Sellers (left), yesterday announced a 28.6 per cent rise in pre-tax profits for the six months to April 30 and said it expected to make one or two major acquisitions within the next two years. These could more than double the size of the business and would not necessarily be limited to office equipment operations. Page 28

Cloudless sky with a silver lining

Last year's drought was the best thing that could have happened to US farmers, argues John McGinty, an analyst with First Boston. It removed stockpiles that had long depressed the grain markets. Now farmers are counting on higher crop prices to pay for replacements to ageing farm equipment, and tractor sales are booming. Page 23

Tokyo gets its nerve back



The Japanese equity market regained some of its nerve last week as the yen's slide against the dollar was halted. A 2 per cent recovery over the week in Japanese share prices contributed to a healthy 1.7 per cent advance in the FT-Actuaries World Index. But Japan's gains were hesitant and the market is still lagging behind the rest of the world, having risen only 4.7 per cent this year. Page 44

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Colonia Versich	719	+	19	Bail-Equip	336	+	18.7
Hamburg Elekt	153.5	+	8	Lab Bellon	2200	+	125.8
Holzmann (P)	970	+	30	MMB	216.9	+	8.2
Falls				**Falls**			
Dragerwerk	269	–	9	Cofimeg	355.2	–	14.2
Hochtief	861	–	17	Fichet-Bauche	985	–	33.8
Leifheit	530	–	15	Pechiney	373	–	15.7
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Columbia	22¾	+	1⅛	Furukawa Batt	1370	+	100
ConAgra	36⅝	+	⅜	Takaoka	2410	+	430
Time	170	+	4⅜	Tekken Cons	1580	+	110
Falls				Union Optical	1110	+	80
Coca-Cola	58¼	–	⅝	**Falls**			
General Elec	54½	–	⅜	Godo Shusei	2180	–	220
Philip Morris	142	–	½	Magara Cons	1000	–	70

New York prices at 12.30

LONDON (Pence)							
Rises				NSM	114	+	5
BAT Inds	651	+	9	Tate & Lyle	262	+	12
BET	265	+	7	Vaux	301	+	11
Body Shop	706	+	8	Ward White	314	+	5
Booker	451	+	6	Yellowhammer	197	+	6
Chemoxy	271	+	10	Yorks Chems	359	+	12
Courtaulds	346	+	6	**Falls**			
Eurotunnel	1124	+	21	Bardon	200	–	3
Evans Halshaw	280	+	11	Brit & Comm	154	–	10
Glaxo	1423	+	31	Racal Elec	451	–	14
Hammerson 'A'	804	+	7	Racal Telecom	427	–	19
Hartons	61	+	5	Smith (DS)	335	–	7
ICI	1315	+	15				
Lambert H'arth	168	+	8				

Sony calls for $1.55bn to fund expansion

By Robert Thomson in Tokyo

SONY, the Japanese consumer electronics maker, is to raise about Y220bn ($1.55bn) next month in a share issue designed to fund the expansion of semiconductor production by subsidiaries in Japan and to expand its television interests in the US, including, perhaps, further investment in the development of high-definition television.

A company spokesman said that the issue of 30m shares at a small discount to the market price has nothing to do with rumours that Sony is interested in purchasing a US film production house and, instead, will be an important part of a projected capital expenditure budget of Y250bn this year.

Funds from the offer, the first since 20m shares were sold in April 1988 to cover the purchase of CBS Records, are to be used to develop the company's growing semiconductor interests in Japan, the spokesman said.

Production is to be expanded at the company's television plant at San Diego, and there are indications that some of the funds will go to a San Jose HDTV research centre, which plans to double its staff in developing technology approved by the US Society of Motion Picture and Television Engineers as the standard system for programme production.

At present, sales of televisions comprise about 17 per cent of Sony's revenue, with video cassette recorders comprising 36 per cent and audio equipment 29 per cent.

The sales of other assorted items, led by semiconductors, rose last year by 21.6 per cent, and included newly marketed computer disk drives and workstations.

The shares will be offered at a 3.5 per cent discount to the closing price on July 10 – yesterday's closing price was Y7,680.

A board meeting to be held in early July will finalise other details of the offer, which is to be handled by all of the Big Four securities companies – Nomura Securities, Daiwa Securities, Yamaichi Securities, and Nikko Securities.

A month ago Sony, which seemed to many analysts to have lost its way in the mid-1980s, announced nearly doubled consolidated net profits for 1988, thanks to booming sales of its products throughout the world. The results included the first full-year contribution from CBS Records, which was acquired for $2bn in January last year.

La Générale placing finds investors eager

By Tim Dickson in Brussels

THE OFFER for sale of BFr21bn ($515m) of shares in Société Générale de Belgique – the biggest ever Belgian stock market operation of its kind – was officially declared a success yesterday after what the company described as a "very considerable" oversubscription by investors.

A senior director of La Générale commented last night: "We haven't got the final figures yet but I am sure that it will be at least three times oversubscribed."

Générale de Banque and Banque Indosuez, the lead bankers managing the placing, decided to close the offer early. It was originally due to run until Friday. Only investors whose applications were received by yesterday will be successful in the scaling down.

The issue was oversubscribed in all the markets where shares were made available – Paris, London, Geneva, Zurich and Frankfurt as well as Brussels – but no details were disclosed about the allocation of shares.

A spokesman said the quality of applications would be taken into account and that preference would be given to small investors, notably in the Belgian market, for which two thirds of the 7m shares had been reserved.

Yesterday's announcement followed an energetic and high profile marketing campaign across Europe by La Générale and its largest shareholders.

The offer for sale arose when a Franco-Belgian consortium led by France's Compagnie Financière de Suez needed to raise funds by selling the 11 per cent stake in La Générale held by its jointly-owned company, Sodinvest.

La Générale's share price closed last night at BFr4,675, compared to the offer price before a three for two share split of BFr4,500.

BBL blows investors' cover, Page 22

Bond: the picture gets even fuzzier

Bruce Jacques in Sydney looks at yesterday's twin setback for the embattled Australian entrepreneur

Alan Bond's corporate obituary has been prematurely written almost as many times as the burly Australian entrepreneur has been photographed holding a can of his Castlemaine XXXX lager. But even by his own maverick standards, Monday June 26, 1989, will go down as one of his worst days in business.

First, the English-born Mr Bond, who became an Australian hero by bringing the America's Cup to his adopted home, suffered the indignity of being declared by the Australian Broadcasting Tribunal a person not fit and proper to hold broadcasting licences.

Then just hours later, shares in Bell Resources, a subsidiary of his flagship Bond Corporation, were suspended by the Australian Stock Exchange over an important deal to shuffle the latter company's beer interests into Bell's corporate structure.

Both rulings are potentially very damaging to Mr Bond's corporate empire, which is already out of favour with investors because of its unpredictability, high debt and controversial accounting policies.

The tribunal decision had been expected by local markets, so shares in Bond Media, the 53 per cent-owned television subsidiary of Bond Corporation, were steady at 29 cents yesterday, although Bond Corporation shares lost 9 cents to A$1.01. But the ruling must further damage Mr Bond's reputation and can hardly do other than further unsettle his already nervous bankers.

These include Hongkong & Shanghai Bank, Merrill Lynch, Midland Bank, National Australia Bank, Standard Chartered and Banque Indosuez.

The 14-page television ruling, which directly attacks Mr Bond's moral and ethical standards, is all the more damaging because it comes from an independent tribunal, rather than a business adversary like Lonrho, which last year issued a scathing attack on Mr Bond's finances when he built up a 20 per cent stake in the British conglomerate.

Mr Bond, true to form, yesterday came out attacking on the broadcasting issue, describing the tribunal's findings as unacceptable and foreshadowing a lengthy appeal process. He was less vocal on the more technical Bell matter, but he has previously alleged that the stock exchange has singled him out for harsh treatment.

Yet the Bell suspension could prove at least as damaging to Mr Bond as the Tribunal finding. Quite simply, he needs the brewery deal, or something like it, to restore Bond Corporation as a credible public company.

Bond Corporation needs the cash injection which the brewery sale would bring to help reduce its crippling debts, estimated at around A$6bn ($4.4bn). More specifically, the deal would avoid the need for Bond Corporation to pay back inter-company loans totalling about A$1.2bn to Bell.

The dispute has arisen because the Australian Stock Exchange has insisted on detailed disclosure before both companies put the brewery deal to shareholders. These include five-year accounts from the brewing operations and two valuations on whether the price tag is fair.

Mr Bond has baulked at these requirements, contending the information would take months to compile. He has already foregone his original deadline of June 30 for the deal, forfeiting the chance to greatly improve Bond Corporation's next balance sheet.

Mr Bond vented his frustration at the stock exchange last week, threatening to ditch the brewery plan and replace it with other deals, possibly selling Bond Corporation's other assets, leaving it as a pure brewing company.

However, Mr Bond has expressed such a wide range of corporate options in recent weeks that the market may be reluctant to believe he has a complete commitment to any assets.

As far as the television interests are concerned, Mr Bond said yesterday that his group has a "total commitment to electronic broadcasting in Australia and overseas" and that the group's 53 per cent interest in Bond Media is not for sale. But analysts suspect that he may eventually dispose of it.

Whatever his plans, it is clear that any forced disposal would be a very lengthy and convoluted process, possibly taking up to two years.

The tribunal intends referring the matter to the Federal Court for determination of possible penalties against Bond Corporation, while Mr Bond maintains the whole issue will have to be reheard before the Administrative Appeals Tribunal.

The inquiry was concerned with two main allegations against Mr Bond – a A$400,000 payment to the then Queensland Premier, Sir Joh Bjelke-Petersen to settle a defamation case and an alleged threat to use his media staff against Australia's biggest investor, the AMP Society, also a strong critic of the Bond companies.

The Tribunal found that Mr Bond deliberately gave false evidence on the defamation matter and that the agreement to make the payment was itself improper.

Its determination also said Mr Bond's threat to use his television staff against a commercial competitor was significant. "It is clear that one of the great risks for a person who controls such significant resources as television and radio networks is to misuse them," it said.

"The risk is twofold – the actual misuse of them and the perception that they could be so misused. We consider that the requisite standard of behaviour is that both risks should be avoided."

Analysts who believe Mr Bond may pull out of television say that the continuing bad publicity associated with the case is arguably more damaging than the heavy loss which would almost certainly be crystallised on such a sale.

At current share price levels, the market is valuing Bond's media assets at barely a third of the A$1bn-plus price he paid over two years ago to buy them from Mr Kerry Packer.

Although Mr Bond's Nine Network has remained the clear industry leader in Australia, it is difficult to see him selling the interests for more than a fraction of the purchase price.

In the strong bull market of 1987 Australian TV networks were generally changing hands at very high price/earnings ratios. The theory was that new entrepreneurial owners, such as Mr Bond, would be able to work the assets more efficiently. In the event, they do not appear to have done so.

Another difficulty for Mr Bond in selling the network is a shortage of local buyers, as foreigners are barred station ownership under the Broadcasting Act. The market is generally dismissive of suggestions that Mr Packer is interested in getting back into the industry.

Further, the purchase of the broadcasting assets involved the issue of A$200m worth of Bond Media preference shares issued to Mr Packer, which are immediately redeemable if control of the media assets changes.

The market has speculated that if Mr Bond can find a buyer he might come up with a "face-saving" deal which would in some way avoid immediate and severe damage to his balance sheet. But given the Australian Stock Exchange's hard line on the proposed brewery sale, a deal of that nature would be hard to consummate.

Whatever the plan, there are no signs of Mr Bond's myriad difficulties diminishing. Quite apart from yesterday's two Australian bombshells, he is still facing problems in offloading his Lonrho stake, currently worth some £314m, representing a loss of over £50m on the purchase price.

Panel hears Gateway wrangles

By Nikki Tait in London

THE HOTLY-CONTESTED battle for control of Gateway, Britain's third largest food retailer, yesterday became embroiled in a day of wrangling at the Takeover Panel, Britain's watchdog on bids.

The debate is understood to have centred on the proposed valuation of the equity element in the cash-and-paper alternative being offered by Isosceles, the newly-formed company which is making a £2bn-plus (over $3bn) bid for Gateway.

Isosceles confirmed over the weekend that it had asked Salomon Brothers, the US investment bank, to value the small equity element – known as the "stub" – and there had been hopes that this valuation could be published yesterday. It is understood to put a value equivalent to at least 30p per Gateway share on the Isosceles stub, and on this basis the cash-and-paper alternative would become worth at least 245p per share.

This compares with the 230p-a-share cash option from Isosceles. The rival bidder, a partnership of Wasserstein Perella, the US corporate finance house, and Great Atlantic and Pacific Tea Company, the fourth largest food retailer in the US, is offering 237p in cash – although, unlike Isosceles, it has not declared their terms final.

Yesterday, the WP/A&P partnership is understood to have questioned whether the new valuation of the "stub" – leaked to the weekend press – breached the Panel's rules on "no increase" statements. Once an offer is declared final, an offeror is not normally allowed to amend the terms of its offer.

However, last night advisers to the WP/A&P camp seemed to accept that publication of the Salomon valuation would go ahead, whilst a rumoured appeal to a full Takeover Panel hearing seemed unlikely. There are already various brokers' forecasts in the market.

There are various difficulties in valuing a "stub" equity element in a highly leveraged company. The resulting valuation is sensitive to assumptions about future profit growth, disposal plans, the multiple at which the company is eventually floated, and the discount rate applied.

Shares in Gateway rose yesterday to 237½p, ½p above the terms offered by WP/A&P, which were therefore unable to add to their 9.2 per cent stake. Isosceles owns 37.6 per cent, but last week was claiming that parties acting in concert plus acceptances took the figure to 44.8 per cent.

Last night, Gateway also announced that it has now dismissed the four directors of its core Gateway Foodmarkets subsidiary who expressed support for the Isosceles plans. They had previously been suspended.

Lex, Page 20

First listing for German buy-out

By Andrew Fisher in Frankfurt

EX-CELL-O, the West German machine tool manufacturer, is about to become the first German company to be quoted on the stock market after a management buy-out.

Following a DM109m ($56m) share placing with domestic and foreign investors – the largest German new issue this year – a majority of Ex-Cell-O's voting stock is to be quoted in Frankfurt and Stuttgart on the Geregelte Markt (regulated market), which covers small companies.

The company was originally part of Textron of the US, but was bought by its management and institutional investors two years ago in what was then Germany's biggest buy-out, worth DM100m. Although the management always intended to take Ex-Cell-O public, Mr Nicholas Ferguson, chairman of Schroder Ventures in London, said this was occurring faster than expected. The buy-out was financed by bank borrowings and equity from Schroder's German and UK buy-out funds. Since then, Ex-Cell-O has benefited from a surge in European engineering orders – its main customers are the motor and machinery sectors – closed down its loss-making UK operation and begun to expand in the US, where it is on the look-out for an acquisition to raise capacity.

The shares, 75 per cent of the total stock, are being offered at DM365 each for a price/earnings ratio of 16.6. Turnover this year should total DM205m against DM189m in 1988, with order books full enough to keep the company busy for over a year.

Half its business is for export, with total new orders up by 17 per cent in the first five months of this year.

Mr Hans-Jörg Waldenmaier, one of Ex-Cell-O's two managing directors, forecast good profits growth this year. In 1988, results were pulled down by DM11m of extraordinary costs, mostly for the closure of its loss-making English subsidiary.

Net profits in 1988 were only DM3.4m compared with DM2.5m the previous year, though operating profits at the German operation were DM15m. Commenting on comparative skill levels, Mr Johann Remmers, a director of DG Bank which is leading the share consortium, said that the custom-made machines produced by Ex-Cell-O needed skilled labour that few countries other than Germany could match.

The share placement will involve 300,000 shares, of which 30,000 have been allotted to Schroders for foreign investors. Another 15,000 are reserved for employees.

Davy shrugs off problem at West German plant

By Vanessa Houlder in London

DAVY Corporation, the UK engineering and construction group, increased pre-tax profits from £10.54m to £28.84m ($45m) for the year to March 31, after shrugging off a technical problem at a West German plant which slashed profits last year.

The results, announced yesterday, were at the upper end of analysts' expectations and the share price rose 5p to 254p.

Lord Jellicoe, chairman, said there had been an exhaustive review of the basic design of the West German flue gas desulphurisation plant, which led to last year's exceptional provision of £17.25m.

The group was now confident about the process, which had become more important with the growing worldwide concern over atmospheric pollution, he said.

Turnover increased by 21.6 per cent to £968.19m from £796.28m last time. Profitability improved in all the main businesses, but lack of work meant that the offshore division continued to make a loss, albeit reduced from £4.41m to £2.82m.

Mr Roger Kingdom, chief executive, said the division was expected to return to profit as a result of a £120m contract to provide a floating production facility for Sovereign's Emerald oil field in the North Sea. A strong intake of orders had continued and the forward workload had increased by 26 per cent to £1.24bn.

He highlighted the impact of the UK Government's recently announced road building programme on Davy's construction division. He also said that increased environmental awareness had benefited Davy's business concerned with cleaning effluents and providing clean air and water.

Davy was looking at collaborative ventures in Continental Europe and was also planning substantial acquisitions for its services division which could expand its geographical base and range of services.

Interest received totalled £5.68m against £5.15m last time. The balance sheet was strengthened by a property revaluation, which helped increase consolidated net assets from £60m to £98m.

An extraordinary credit of £2.48m resulted from the profit on the sale of Davy's 49.2 per cent in Senelco, a manufacturer of retailers' security tags.

Lex, Page 20

VNU sells three US magazines

By Laura Raun in Amsterdam

VNU, the Netherlands' largest publisher, announced yesterday that it had sold three electronics magazines in the US with a combined turnover of Fl 50m ($25m). The buyer is an unnamed US publisher of trade journals.

However, in contrast to earlier expectations, VNU said it would keep one magazine, Monthly Computing, because no potential buyer was willing to pay enough. Monthly Computing has a turnover of Fl 55m, a circulation of 500,000 and it employs 50 people.

The Dutch publisher had intended to sell VNU Business Publications, its US subsidiary that runs the electronics trade journals. The disposal was aimed at allowing VNU to concentrate on business information services in the US, business publications in Europe and consumer magazines generally.

VNU refused to disclose the price of the three trade journals – Electronic Design, Electronic Magazine and Microwaves and RF.

The sales will have no "nominal value" effect on the 1989 results, according to VNU. Last week the Haarlem-based publisher bought three business information companies in the US.

● SHV, the Dutch energy and wholesale/retail goods concern, said yesterday that it is considering the disposal of a 12 per cent stake, worth around Fl 307m, that it has built up quietly in the food retailer Ahold over the past year.

Indevo and Infina call off merger plan

By Robert Taylor in Stockholm

A PLANNED merger between Indevo, the Swedish management consultancy, and Infina, the Swedish financial group, has been abandoned.

Indevo, which has its European headquarters in London, said that the main reason was "the projected pace at which the two companies intend to expand their international capabilities."

The company added that, although Infina intended to make its market base more international, it did not wish to commit itself now to the level of investment maintained by Indevo.

Both companies have decided that "at least in the immediate future, the costs of rapid international expansion for a merged group would outweigh the savings achieved by synergy between the two companies."

Dr Bertil Sjögren, chairman of Indevo, expressed his regret at the failure of the merger, which was planned as part of the company's strategy to create a competitor to McKinsey and Co in management consultancy in western Europe. But he added: "We will not be changing our strategy. At the moment we are talking with companies in Britain, West Germany and France and we hope to have made deals with two of them before the end of the summer."

Also yesterday, Infina announced that it had reduced its profits forecast for 1989 from SKr150m ($22.8m) to SKr100m.

Tampella to buy Italian packaging company

By Our Financial Staff

TAMPELLA, the Finnish engineering and forest products group, is to acquire the Italian packaging company Carta Cartoni Cellulosa Group (CCC) for an undisclosed sum.

The Finnish company said that the acquisition would give it a firm presence in the growing Italian packaging industry.

The Italian group consists of three paper mills, two corrugated sheet and box plants and a partly-owned box plant. Its annual net sales are about L110bn ($77.7m), Tampella said. Part of the deal will be paid for with an issue of up to 632,500 shares to CCC, with detailed terms to be worked out later.

CCC would produce about 130,000 tonnes of paper in 1989, about 14 per cent of domestic demand for corrugated board. It would also produce about 130,000 tonnes of corrugated board and 60,000 tonnes of boxes, a market share of about 7 per cent, Tampella said.

CCC and Tampella's packaging division, which has annual net sales of $150m, will be able to co-operate in several fields, including product design and development and packaging systems automation.

Mr Mario Catelli will continue as managing director of the CCC group in Italy. Tampella said that the Catelli family's large stake in Tampella that would result from the deal would make further co-operative ventures possible.

Yesterday Tampella also announced pre-tax profits before appropriations of FM153m ($35.2m) in the first four months of 1989, up from FM82m in the same period last year. Group sales jumped from FM1.38bn to FM1.75bn.

Henkel sees growth

HENKEL, the West German applied chemicals group, said it expected double-digit growth in turnover this year after sales rose by 12 per cent in the first five months, Reuter reports.

The company also aimed to increase group net profit.

BBL blows its' investors cover

Banque Bruxelles Lambert has changed its rules to force shareholders with more than 3 per cent to declare their holding. Investors are manoeuvring to avoid this unwelcome spotlight, writes Tim Dickson

The shadow of Mr Carlo De Benedetti, the Italian industrialist, was hanging over Banque Bruxelles Lambert (BBL) yesterday as shareholders gathered to vote through an important change in the company's statutes.

As expected, a huge majority agreed to the board's proposal that any investor who holds 3 per cent or more of the bank's shares will have to announce them publicly in future. This is a new and disconcertingly unfamiliar transparency in a country known for discreet anonymity and conspicuous lack of disclosure.

Yesterday's extraordinary general meeting was a result of Belgium's new transparency law passed on March 18, itself one of the consequences of Mr De Benedetti's spectacular – if unsuccessful – takeover bid for Société Générale de Belgique at the start of 1988. Then, to widespread amazement both inside and outside Belgium, he was able quietly to build up an 18.6 per cent stake in the prized holding company.

The shock waves from the subsequent battle can still be felt in Belgian commercial, financial and political circles, and the new stake disclosure law is one manifestation of the strong desire that such a bitter and unregulated stock market fight should never be repeated.

The law sets a disclosure threshold of 5 per cent for all Belgian public companies with capital above BFr250m ($6.13m) – roughly 160 enterprises in all, according to the Banking Commission.

However, BBL, in common with the chemical company UCB, is exercising the option to fix a tougher limit of 3 per cent because, as Mr Jacques Thierry, its president, said yesterday: "Our stock market capital is some BFr52bn, 3 per cent represents about BFr1.5bn, and that seems to us to be a significant amount of money."

Outsiders might wonder why Mr Thierry is so keen on BBL's independence and the "autonomy" of the Belgian banking sector, as he put it yesterday. After all, the bank was keen to point out that if employees are taken into account (between 5 and 8 per cent of the total), the group of "stable shareholders" sometimes referred to as the "syndicate" already control more than 50 per cent.

They include: Groupe Bruxelles Lambert (GBL), the holding company of Mr Albert Frère which is often wrongly confused with the bank, with 10.44 per cent; Royale Belge (effectively controlled by GBL), 9.58 per cent; the Italian institution SBH with 6.91 per cent; the Swiss insurer Winterthur with 4.09 per cent; and the UK's Merchant Navy Pension Fund with 4 per cent.

However, while BBL remains serene in public, the management probably shares the doubts of some analysts about the solidity of this supposedly safe shareholder core.

The same analysts, meanwhile, are waiting anxiously to see what happens on July 3 – the deadline fixed by the Banking Commission for shareholders in companies to notify their large stakes. (New stakes above 5 per cent must be notified within two days to the Banking Commission and to the company, which must then publish the information through the Stock Exchange on the following day).

Among the companies which will be subject to close scrutiny are Petrofina, the oil company, and Tractebel, the energy and telecommunications concern. The two companies were subjects recently of what was in effect a share exchange between La Générale and GBL, and Tractebel has performed mysteriously strongly on the stock market in the last few weeks.

Other companies on the list will be the retailer GIB (formerly GB-Inno-BM) and the small plastics company De Ceuninck, whose shares have been strong in a dull market.

Although the new disclosure law may be proving good sport for the brokers, it appears to be turning into something of a nightmare for the large number of individuals in Belgium (or "personnes physiques") who have stakes above 5 per cent in local quoted companies.

Under a special exemption clause they will be allowed for the next two years to make themselves known to the Banking Commission, which will, if they so desire, pass on the details of their holding anonymously to the company in question.

But that safeguard is due to run out in 1991 when Belgium comes into line with the relevant European Community directive. So individuals anxious about their cover being blown are understood to have been frantically contacting lawyers in Brussels to find out what they can do.

Apparently some are frightened of becoming kidnap targets – in Belgium, many rich people deliberately adopt a modest lifestyle for fear of attracting attention. Others worry about the tax authorities finding out too much about their affairs or precipitating feuds reminiscent of those in the liveliest episodes of the soap opera Dallas, as rival members of families discover previously well-disguised stakes.

Unimpressed by the Banking Commission's avowed determination to get to the bottom of beneficial ownership, one broker commented yesterday: "I think there is a simple solution. Individuals will set up their own holding companies either in Belgium or abroad and I think the people behind them will be very difficult to trace."

ZCCM posts 500% increase in profits

By Nicholas Woodsworth in Lusaka

DESPITE falling levels of copper production, Zambian Consolidated Copper Mines has posted a net profit of ZK1.848bn ($173m) for the financial year ended March 31, an increase of 500 per cent in local currency terms over the previous year's profits.

Fourth-quarter figures issued in Lusaka indicate ZCCM made a profit of ZK1.544bn on metal trading, compared with ZK727m in the corresponding quarter of 1988.

Net profit for the quarter after tax and other charges came to ZK914m. Total quarterly sales revenues increased 68 per cent to ZK6.011bn.

ZCCM's huge jump in profits has been due not to increased production but to the steep rise in world copper prices and last December's devaluation of the kwacha.

Zambian copper production has been severely affected by a number of factors. These include slumps due to time lost in over-burden removal in ZCCM's open-cast mining operations, the laying-off of expatriate managerial staff as a result of a ZCCM "Zambianisation" programme, a deterioration in mine and machine maintenance and a shortage of foreign exchange for vital spare parts.

During the third quarter, a period of world record copper prices, Zambia was unable to sell 22,000 tonnes of produced copper because of bottlenecks in its railway system.

Copper production for the fourth quarter of 1988-89, at 110,712 tonnes, was 6,579 tonnes lower than in the corresponding period of 1987-88.

Total copper production for the financial year was 416,646 tonnes, 57,439 tonnes lower than the previous year.

Aiming at a total annual production of 500,000 tonnes, ZCCM fell short of target by 17 per cent.

ZCCM's cobalt production, at 1,233 tonnes for the fourth quarter, was 9 per cent lower than in the corresponding quarter in 1987-88; lead production, at 1,264 tonnes, was 10 per cent lower; while zinc production, at 3,182 tonnes, was 36 per cent lower.

US farmers set for shopping spree

Deborah Hargreaves on the upturn in demand for farm machinery

Last spring Mr Bob Hutcheson, an Illinois farmer, had just about scraped enough money together to replace his 26-year-old loader tractor. But as his crops sizzled in the worst US drought in 50 years, he began to wish he had never bought it and to wonder how he would meet the payments.

Mr Hutcheson is representative of a swathe of farmers across the Midwest who were pulling themselves out of the farm recession last year, only to be hit by drought.

In the same way, the dry weather set back the recovery in the farm equipment industry, as drought-stricken farmers delayed purchases and defaulted on payments.

However, these same farmers are now counting on higher commodity prices to pay for replacements to their ageing equipment and tractor sales are booming.

Mr John McGinty, an analyst with First Boston, says the drought was "the best thing that could have happened to US farmers." The dry summer led to a huge drawdown in government-stored crops, removing a stockpile that had long depressed the grain markets. This meant farmers who reaped a reasonable crop or who had grain in storage could sell at much higher prices.

In addition, farmers have extended their acreage this year by about 25m acres and many have locked in to high prices in advance by hedging on Chicago's booming futures markets. The strong markets have boosted farmers' income, in spite of last year's crop losses, setting the replacement cycle for farm equipment back in motion.

Mr McGinty says the industry recovery that started in 1987, when land prices finally bottomed out, was only temporarily halted by the drought and is now set to continue. He estimates a 20 to 30 per cent rise in demand for large tractors and combine harvesters this year.

The Farm Equipment Institute in Chicago says last year's sales of farm equipment ended up just about on a par with 1987, after what had started out as a more promising business year.

Even last year's drought-depressed market showed a healthy increase from the darkest days of the farm recession. From 1973 to 1982 the US industry sold about 59,000 large tractors; last year alone it sold 17,000.

Farm machinery output was at its highest level for three years last year, when it rose 14 per cent to 42,385 units. This has bolstered low dealer inventories in time for an expected sales rush this year.

However, farmers such as Mr Hutcheson are still wary, and adverse weather still affects parts of the cornbelt.

Mr Don van Howling, who runs a Deere dealership in Perry, Iowa, says his customers are still holding off from buying big replacement items to see if early summer rainfall is enough to replenish their sub-soil moisture.

An official at Deere – the industry leader – said the company had seen some hesitancy among farmers at the beginning of the year, but equipment sales showed strong increases in demand by April and May as farmers realised they were not going to experience another year of extreme drought.

By the end of last year, the average age of US farm equipment had risen to a post-war high of between 12 and 14 years – in the past farmers had replaced their vehicles when they were between six and eight years old. At the same time, with old machinery farmers have little depreciation to write off against tax, and equipment purchases offer an attractive tax shelter for their higher income.

The pick-up in demand has seen equipment-makers actually raising some list prices for machinery for the first time in 10 years, putting an end to the cut-throat competition that has recently characterised the industry.

The heavy discounting that had set farm equipment industry leaders on a fierce battle for market share has abated in today's stronger markets. In addition, Tenneco's JI Case division – Deere's main rival – is under pressure to turn in a profit after last year's losses.

The market upturn has benefited Deere, which consolidated its position at the head of the industry last year. It achieved a 52 per cent market share, up from 42 per cent in 1987. The company has reported a rise of 15 per cent in first-half earnings, which were buoyed by North American farm equipment sales.

Analysts estimate that Deere's per share income for the year will increase to between $5.50 and $6 from last year's $4.31, which followed a loss in 1987.

In response to the strength it sees in the market, Deere has increased its second-half worldwide production by 13 per cent compared with last year, with farm equipment accounting for all the additional output. In the dismal days of the recent past, equipment-makers were producing virtually to order as demand dried up.

Farmers are also being encouraged to renew their old fleet with a new range of equipment being marketed by both Deere and Case. In spite of some initial resistance to new vehicles, for which prices are often 5 per cent higher with no discount, the new generation of tractors and combines is being received enthusiastically.

"I think farmers were looking forward to this," says Mr Peter Evinghouse at the Farm Equipment Institute. "It's a long time since they bought anything new."

Curb on KLM's role in NWA

By Laura Raun in Amsterdam

KLM ROYAL Dutch Airlines, which is involved in a $4.05bn tender offer for Northwest Airlines, will own about 10 per cent of the US airline but will have only 4.9 per cent of the voting rights if the bid succeeds.

KLM is putting up $400m as part of the offer led by Mr Alfred Cecchi, a Los Angeles investor. Eventually it could increase its ownership to 20 per cent and voting rights to 8.44 per cent, according to Mr Leo van Wijk, KLM's vice president for corporate development.

This could be achieved by converting part of KLM's preferred shares into common shares, Mr van Wijk explained yesterday at a conference on European aviation in Amsterdam. KLM is putting $300m into convertible, 14 per cent preferred shares and $100m into common stock. In return it should get one seat on the 13-member board of management of NWA, the parent of Northwest Airlines.

The Dutch flag carrier is keen to link up with Northwest in flight routes, customer service, marketing and freight activities. In turn it will provide the prestige of its name and the benefits of its wallet.

It is willing to put up more money with less control because it badly wants the Northwest link and because it is constrained by US law, under which foreign control of a US company – but apparently not financial ownership – is limited to 25 per cent.

Elders IXL, the Australian brewer, is also involved in the offer and thus their combined stake cannot exceed 25 per cent.

KLM can afford the Northwest stake and also a $50m, 20 per cent share in Belgium's Sabena without borrowing, according to Mr van Wijk. The Dutch airline has a cash horde of around $1bn, he confirmed.

The flag carrier, which is 39 per cent owned by the Netherlands Government, is also talking to some Asian airlines about possible co-operation in that region.

The deal is subject to approval by the US Department of Transportation.

If the offer succeeds, it would deal a damaging blow to Pan Am, which was offering to take over NWA to ensure the survival of its Pan American World Airways subsidiary.

Pan Am said it hoped NWA would consider its offer if the Checchi bid floundered.

Petrobras may freeze 1989 investment

By John Barham in Sao Paulo

PETROBRAS, Brazil's national oil company, has said it will freeze its investment budget at $2bn this year unless the Government permits retail price increases for its products.

The company had planned to invest $3.2bn in 1989. It has already spent $1bn, leaving a further $1bn for the second half under the freeze. Mr Carlos Pinto, a Petrobras official, said: "The cuts are necessary because we are losing too much money."

He explained that the Government was trying to control inflation by holding down the prices of all state-owned companies' products. Petrobras says it is losing $120m a month. It earned a $300m consolidated net profit in 1988.

Mr Pinto said: "Now, with these cuts, we are expecting the Government to review our situation and give us a profit margin for our products."

The cuts have fallen on the company's exploration, production and refinery budgets. The trimmed exploration and production budget – cut by 60 per cent to $341m – now means that Brazil may have to increase oil imports in 1989.

Petrobras says it is not sure how much more oil it will import and that much depends on national economic performance in the second half.

Inflation is climbing towards 30 per cent a month and if the economy sinks into recession oil consumption will decline. However, it already seems likely that domestic output will remain unchanged at 598,000 barrels a day, instead of reaching a planned 700,000.

In March, the central bank forecast that Brazil would spend $8.8bn to import 639,000 barrels a day, equivalent to half the national consumption.

Petrobras had planned to increase its refinery capacity to 1.6m barrels a day by 1992. Budget cuts may impair this strategy as well, since the company has gradually cut refinery investments from the $680m it had planned in January to $150m.

AMI suffers sharp fall in earnings

By Anatole Kaletsky in New York

AMERICAN Medical International, the troubled Los Angeles-based hospital management group, yesterday unveiled a sharp fall in quarterly earnings, due partly to its sale of 36 acute care hospitals.

AMI, which is studying several buy-out and restructuring proposals worth around $2bn each, said it earned a net $21.1m or 30 cents a share in its third fiscal quarter which ended on May 31.

This compared with $33.7m or 41 cents the year before. Revenues fell to $736m from $812m last time.

The latest quarter's results included a $29.4m pre-tax benefit for an adjustment in malpractice insurance provisions, but this was more than offset by a $9m addition to the legal expenses reserve and $13.8m in asset write-downs.

The earnings also included a pre-tax loss of $2.5m from an information systems subsidiary acquired in March. The net effect of all these adjustments was to reduce net earnings per share by 4 cents, the company said.

In the first nine months of fiscal 1989, AMI earned a net $63.5m or 56 cents a share, against $125.4m or $1.17 the year before.

AMI's board is studying two buy-out proposals. One offer for $24 a share or $1.7bn comes from Clayton Dubilier, a leading New York leveraged buy-out boutique, which is acting in concert with Dr M. Lee Pearce, a wealthy Miami physician who sits on the AMI board.

Another bid, said to be worth $27 a share, was made two weeks ago by Mr Brian Freeman, a New Jersey investment banker acting on behalf of AMI's employees.

Other groups, including Mr Sidney Bass, the billionaire investor from Fort Worth, are also said to be preparing proposals. A partnership led by Mr Bass is the biggest single shareholder in AMI. The board has set this Thursday as the deadline for all bids.

Sears sets time for HQ move

SEARS, Roebuck, the US stores group, will move from its Sears Tower headquarters in Chicago to the suburb of Hoffman Estates in the city in the next two-and-a-half to three years, AP-DJ reports.

Earlier, the group said it had narrowed the field to four in the bidding for its 110-storey headquarters tower, the world's tallest building.

SCHERING

Schering Aktiengesellschaft
Berlin and Bergkamen

I. Notice to Shareholders to accept Bonus Shares
(Security Code No. 717 200)

The Annual General Meeting of the above-named Company, held on 14th June, 1989, resolved, among other things, to increase the issued share capital of the Company from DM.283,060,600 to DM.297,213,630 by capitalising DM.14,153,030 of the revenue reserves shown in the Company's annual balance sheet as at 31st December, 1988. The capital increase will be carried out by issuing new ordinary bearer shares with a nominal value of DM.50 each, which will be offered to the shareholders *in a ratio of 20 : 1. The new shares are entitled* to dividend as from 1st January, 1989 and also rank pari passu in all respects with the existing Ordinary Shares of the Company. This decision to increase the capital has been recorded in the Commercial Register at the District Courts in Charlottenburg and Kamen.

We call upon our shareholders to accept the bonus shares by presenting the dividend coupon No. 53 on their existing shares as from 3rd July, 1989, during the usual business hours, at the head offices or branches of one of the following banks:

In the Federal Republic of Germany and Berlin (West):—

BHF-BANK Berliner Handels- und Frankfurter Bank
Berliner Commerzbank AG
Deutsche Bank Berlin AG
Commerzbank AG
Deutsche Bank AG
Bayerische Vereinsbank AG
Berliner Bank AG
Delbrück & Co.
Dresdner Bank AG
Dresdner Bank Berlin AG
Sparkasse der Stadt Berlin West
Trinkaus & Burkhardt KGaA
Vereins- und Westbank AG
M.M. Warburg-Brinckmann, Wirtz & Co.

In Switzerland:—

Credit Suisse
Union Bank of Switzerland
Swiss Bank Corporation

In the United Kingdom:—

S.G. Warburg & Co. Ltd.
Paying Agency,
2 Finsbury Avenue,
London EC2M 2PA.

The shareholders are entitled to bonus shares of DM.50 each on the basis of one new share for every twenty shares held. If the number of shares held cannot be divided by twenty, fractional rights are created (Sec. Code No. 717 206). As no shareholders' rights can be exercised in respect of these fractional rights, they either have to be sold or their number has to be increased so that one new DM.50 share can be received. The banks mentioned above will, as far as possible, arrange for the purchase and sale of the fractional rights.

The bonus shares are issued with dividend coupons Nos. 54-70 and talons. They have the same security code number (717 200) as the existing shares.

Where shares are held in jacket custody or giro-transferable collective security deposit by a bank, no action is required on the part of shareholders. If fractional rights arise, however, shareholders are asked to issue instructions to their depositary bank with regard to the purchase or sale of fractional rights.

We are legally entitled and obligated to sell those bonus shares which are not claimed by shareholders within a period of 12 months of the publication of this notification in the Bundesanzeiger (Federal Gazette), for the account of the shareholders, after a notification is issued three times and a year has passed since the publication of the third notification.

The bonus shares are, by virtue of law, officially quoted on the stock exchanges in Berlin, Dusseldorf, Frankfurt (Main), Hamburg and Munich, and approved on the regulated market at the stock exchanges in Bremen, *Hanover and Stuttgart. They will*, like the existing shares, be good delivery as from 3rd July, 1989. As from the same date, the existing shares will be quoted as "ex-bonus shares" on the aforementioned stock exchanges. The bonus shares will be listed on the stock exchanges in Basle, Geneva, London and Zurich according to local regulations.

No commission will be charged to shareholders for issuing the bonus shares. The company will pay the customary customer commission arising upon the issue of the new shares. The depositary banks are asked to contact any of the above-mentioned issuing banks regarding the refund of the commission. The customary banking commissions will be charged for the sale and purchase of fractional rights.

II. Notice to the holders of Warrants under the 5¾% £-Bond issue with Warrants 1983/90 of Schering International Finance B.V., Weesp/Netherlands
(Security Code Nos. 717 207 and 471 819)

Through the decision taken on 14th June, 1989 to increase the share capital of Schering AG by capitalising reserves in a ratio of 20 : 1, the conditional capital is, in accordance with § 218 of the Joint Stock Companies Law, increased in the same ratio as the share capital.

According to § 6 (4) of the Conditions of Warrants, the warrant-holders' right to subscribe to shares is increased in the same ratio. Thus, taking account of 216 (3) of the Joint Stock Companies Law, the subscription right for shares is increased by 1/20th, which means that one warrant giving entitlement to subscription to one DM.50 share now gives entitlement to subscribe to one DM.50 share, as well as to a 1/20th fraction of a DM.50 share. The changed right will apply as from 20th June, 1989. Fractional rights arising from the share capital increase by way of capitalisation of reserves will not be made available when the subscription right is exercised.

The warrant agent (Berliner Handels- und Frankfurter Bank) will use its best efforts to sell any fractional rights *for the account of the warrant-holder upon the exercising of the subscription right having become effective.* The proceeds will be made available to the warrant-holder when the shares are issued in accordance with § 3 of the Conditions of Warrants.

Berlin and Bergkamen, June 1989 — **The Board of Management**

W German drugs group buys Toho of Japan

By Stefan Wagstyl in Tokyo

BOEHRINGER MANNHEIM, a West German pharmaceuticals company, has agreed to buy Toho Pharmaceutical Industries, a Japanese drugs concern, in a rare corporate acquisition by a foreign company in Japan.

Both companies are privately owned and the purchase price was not disclosed. Toho Pharmaceutical will be merged with Böhringer Mannheim Japan, a Japanese subsidiary of the West German group, and the combined company will be called Böhringer Mannheim Toho. It will have annual sales of about Y11bn ($78.5m).

The new company will specialise in drugs and services for the treatment of cardiovascular diseases, metabolic disorders and tumours.

Böhringer Mannheim also has a separate joint venture agreement with Yamanouchi Pharmaceutical, a large Japanese drugs company. The deal with Toho was co-ordinated by Nomura Wasserstein Perella, a mergers and acquisitions company established last year by Nomura Securities and Wasserstein Perella, the Wall Street acquisitions group.

Telco profit soars 160% to Rs700m

By R.C. Murthy in Bombay

TATA ENGINEERING and *Locomotive Company* (Telco), India's second-largest private sector company, hoisted net profit 160 per cent in the year to March 1989.

The truck maker's net profits advanced to Rs700.3m ($43.4m) from Rs269.5m on sales up by a fifth to Rs16.76bn from Rs14.02bn. Profits before tax and depreciation surged by 26.7 per cent to Rs1.87bn (Rs1.48bn).

***Telco consolidated its* leading position in the country's light commercial vehicle market with a 23 per cent share ahead of Japanese competition. It is still the top heavy truck manufacturer, with more than 80 per cent of the market. Mr Ratan Tata, who succeeded Mr S. Moolgaokar as chairman last December, says the focus in future will be on consumer-oriented products *such as passenger cars. The* recent liberalisation of industrial licensing means truck makers are able to produce other types of four-wheeled vehicles.**

Telco raised its dividend by Rs2 to Rs25 per Rs100 share. This is on enhanced capital of Rs1.04bn (Rs630m) after a free-scrip issue last year. Shares jumped Rs80 to Rs910 on the Bombay Stock Exchange.

The power behind the directors

The following excerpts are taken from the text of the findings of the Australian Broadcasting Tribunal in the Bond Inquiry.

The issue now to be determined is the application of our decision on facts to the statutory requirement that a licensee be a fit and proper person to hold the licence.

The tribunal licences corporations, not individuals. At the outset there is, therefore, a question to be resolved concerning the relationship between certain individuals.

The notice of inquiry sets out the licensees at present the subject of this inquiry, and each of the licensees is a wholly owned subsidiary of Bond Media. According to the information available to the tribunal at the time of finalising this decision, the relevant shareholding is as follows: Bond Corporation Holdings, through its wholly owned subsidiary, Bond Corporation, directly owns 45.4 per cent of Bond Media. Bond Corporation Holdings holds a further 7.4 per cent of Bond Media shares through other wholly owned subsidiaries. Mr Bond, through *his family company*, Dallhold Investments, holds approximately 58 per cent of Bond Corporation Holdings shares, Dallhold Investments itself holds 12.2 per cent of Bond Media. Mr Alan Bond owns 99.9 per cent of the shares of Dallhold Investment.

Mr Bond is a director of Dallhold Investments and the executive chairman of Bond Corporation Holdings.

Counsel for Mr Bond submitted that we should look at the licensee as a corporate structure and exclude from our consideration the role Mr Bond plays as the major shareholder. The submission is that, although Mr Bond has the major shareholding, he does not control the licensee company, the directors do.

We accept the submission of Mr Gyles that any finding as to fitness and propriety must be related to the licensee. In assessing that quality, however, we consider that, due to the nature of his shareholding — an assessment of Mr Bond's personal fitness and propriety is relevant in determining the issue as it affects each of the licensee companies.

In addition to the above concept, we are also of the view that Mr Bond's position within the corporate structure does enable him to initiate and involve himself in management decisions which affect the broadcasting activities within the group. Mr Bond's personal intervention in the defamation matter with Sir Joh Bjelke-Petersen is an example.

It follows that in determining this issue, we consider it appropriate to look at the activities of Mr Bond in terms of the overall test of fitness and propriety, to enable us to come to a decision in respect of the licensee companies.

Mr Bond remains, by virtue of his association with the licensee companies, the only relevant individual in the sense that consideration of his *fitness and propriety is relevant* to the question of fitness and propriety of the licensees.

We now set out a summary of the findings of fact, all of which we consider relevant to the licensees' fitness and propriety:

Sir Joh Bjelke-Petersen

●Mr Bond agreed to pay the Premier of Queensland, Sir Joh Bjelke-Petersen, A$400,000 to settle his defamation claim, not believing that that sum was justified by that claim alone, but believing that, if he did not settle at that figure, the premier might harm his interests in the State of Queensland;

●Mr Bond sought to disguise the true amount agreed to be paid, in the belief that a sum in excess of $50,000 could not survive public scrutiny;

●Mr Bond deliberately gave misleading evidence to the Australian Broadcasting Tribunal in 1986 in relation to the events of January and February, 1986, and in relation to the nature of the meeting with Sir Joh Bjelke-Petersen on 17 February, 1986;

●Mr Bond deliberately gave false evidence to the Australian Broadcasting Tribunal in this inquiry in relation to his motivation for making the offer to Sir Joh Bjelke-Petersen at the meeting of 17 February, 1986, and in relation to the telex of 2 January, 1986, which was relevant to a determination of the date by which agreement had been reached between Mr Bond and Sir Joh Bjelke-Petersen;

●Mr Bond threatened to use his TV staff to gather information on a business competitor (the AMP Society) and to expose the competitor by showing the results on television.

In considering the concept of a "fit and proper" person, it is clear from the authorities referred to that there is no exhaustive definition. Like many other areas of judgement, the guidelines seem to be prescribed by the circumstances of the case and the particular activity or role under review.

We have no doubt, however, that this concept is one that is relevant to matters outside financial, technical and management capabilities and is one that connotes something of moral judgement and assessment of values. Qualities of character are also inherent in this notion. The relevance of these aspects is, in our view, related directly to the purpose and function of the regulatory system.

'Although Mr Bond has the major shareholding, he does not control the licensee company, the directors do' — counsel for Mr Bond

In respect of the defamation matter, we have found that Mr Bond's agreement to pay A$400,000 was in itself improper. The fact that Mr Bond, a major media proprietor, was prepared to personally negotiate such a payment on the terms that he did does not exhibit an appreciation of the proper relationship between those with control of media interests and governments.

Apart from the diminution of public confidence, in the broad sense, there are particular concerns which revolve around the issues of journalistic independence and the integrity of the service.

Mr Bond's subsequent attempts to disguise the agreement and payment involve improper behaviour of a more fundamental and damaging nature. An attempt at such deceit, driven, as it would appear to be in this case, by expediency, does not exhibit qualities which we would expect to repose in the character of a fit and proper person.

The duty of candour is an important plank in the scheme of the regulatory mechanism. It is, perhaps, too little understood that it is the fulcrum in a balance which, if properly attended to, has benefits for both the regulator and the regulated. Trust is the basis of the fulcrum.

A heavy responsibility rests on us in the determination of a standard of behaviour which does or does not meet the test of being a fit and proper licensee. There is no doubt in our minds that the function carried out in satisfying ourselves about the fitness and propriety of licensees is a function primarily directed towards the community's interest in securing, as licensees of these valuable resources, persons who exhibit sufficient quality of character and judgement to render them appropriate, in the community's view, to have the privileges and benefits which the use of such resources *undoubtedly brings*. This requirement is distinct from the other statutory requirement that they have the *relevant management and* financial capability to operate the service.

'The person who has the power to appoint the directors has the overriding control of the company' — counsel for the tribunal

The finding, in relation to Mr Bond's action regarding the threat to use his television staff against a commercial competitor is also significant. It is clear that one of the great risks for a person who controls such significant resources as television and radio networks is to misuse them. The risk is two-fold — the actual misuse of them and the perception that they could so be misused. We consider that the requisite standard of behaviour is that both risks should be avoided.

Two sets of undertakings were proposed (by the Bond interests, dealing) with reporting settlement of all defamation matters, the establishment of a compliance division and the appointment of a chairman of stature not associated with Mr Bond, Dallhold Investments or Bond Corporation Holdings.

The defamation settlement in this inquiry was made known to the tribunal at the QTQ hearing. The manner in which the tribunal was misled and the impropriety of the payment itself are the relevant matters which have only a minor relationship to the question of whether the vehicle for the payment was a defamation suit.

The establishment of a compliance division does not ensure Mr Bond's personal propriety. The compliance with the standards generally has not been an issue in this inquiry.

The present chairman of Bond Media, Mr Warren Jones, was quite adamant in his evidence that he was at odds with Mr Bond over aspects of the payment and his position did not prevail. We do not see how this proposal significantly affects Mr Bond's control...

Mr Bond undertakes to ensure within a specified time frame that a majority of the directors of Bond Media, as well as its chairman, are persons who are not otherwise associated with him, Dallhold Investments or Bond Corporation Holdings. He also undertakes *not to* use for his purposes or for any commercial purpose the staff or any other resources of Bond Media licensees, other than on usual commercial terms.

Finally, he undertakes not to interfere or seek to interfere with the selection and/or presentation of any news and current affairs programmes of any of the Bond Media licensees or cause Bond Media to breach *the tribunal's programme standards*.

We do *not* propose to exercise our discretion in the manner proposed in the submission. Apart from the reasons so far set out, we consider that the scheme proposed does not address the fundamental issues in the findings we made.

In relation to Mr Bond, we consider that he would not be found to be a fit and proper person to hold a broadcasting licence.

The relationship between Mr Bond and the licensee companies is relevant to a consider*ation as to whether we can be satisfied that the licensee is no longer a fit and proper person to hold the licence. For the reasons set out, we find that the licensee company is no longer a fit and proper person within the terms of ... the Broadcasting Act.*

Consequent on this finding, two matters arise for immediate consideration. First, the desirability of joining other related inquiries. Second, to indicate that we are presently minded to refer to the Federal Court several questions of law which appear to us to arise under ... the Broadcasting Act. In respect of the desirability of joining other related inquiries, *the tribunal will be providing* detailed information to the parties and counsel assisting *which is relevant*

We propose to allow a period of two weeks for counsel assisting and the parties to discuss the formal directions required.

INTERNATIONAL CAPITAL MARKETS

Tokyo to relax rules on Japanese Eurobond issues

By Stefan Wagstyl in Tokyo

THE JAPANESE Ministry of Finance has announced plans to relax rules on Eurobond issues by Japanese companies, to enable them to sell their paper more freely inside Japan.

The ministry is planning to abolish a regulation which bars Japanese issuers from selling more than 50 per cent of a public new issue to domestic Japanese investors or to their overseas affiliates.

Bankers in Tokyo doubted whether the moves would have much immediate impact on the market. The present regulations were often evaded so the ministry's abolition of the 50 per cent rule would merely regularise the existing situation.

The requirement to file reports on issues destined for the home market would add to the cost of any deal, but it would not necessarily be a burden for larger companies which could take advantage of a shelf registration system for bonds introduced last year.

In a further move to relax the regulations, the ministry intends to allow companies to register and carry out bond issues on any day rather than limiting registration to three set days a month.

However, the ministry will from now on require issuers selling new stock in Japan to file disclosure reports similar to those currently filed for domestic issues.

London broker in French move

By Katharine Campbell

A LONDON money broking operation has launched a service which will initially cover a sector of the French Treasury market. It aims to service the steadily growing interest among City institutions in French and other European bond markets.

KWG Securities, a division of the newly merged Babcock & Brown (KW) money broking group, itself part of financial services conglomerate York Trust Group, will service clients wishing to deal in French Treasury notes (BTANs). There are plans to extend the coverage to other markets, notably those in German, Dutch and Spanish securities.

The team of four dealers has an informal co-operative arrangement with Grel, a French broker specialising in government bonds, which allows access to up-to-date prices via an electronic link to Grel's Paris dealing rooms. Transactions, however, will be effected over the telephone.

The new division will act only as a broker and will not be involved in any position-taking on the firm's own behalf.

KWG Securities expects initially to service the roughly 350 international banks which are clients of Babcock & Brown (KW).

It argues that, in spite of geographical proximity, the French bond market has been under-utilised by London-based firms as a result of poor communications.

The service, which has taken a year to form because of regulatory formalities which eased after Babcock & Brown (KW) was set up in May, is likely soon to face competition from other money brokers with similar plans.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on June 26

[illegible]

* No information available-previous day's price

† Only one market maker supplied a price

[illegible]

[illegible]

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, June 26,1989 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	64.2394	32.8370	45.6321
Albania	(Lek)	10.1032	6.5392	3.3426	4.6451
Algeria	(Dinar)	11.8630	7.6783	3.9248	5.4542
Andorra	(Fr Fr)	10.2550	6.6375	3.3928	4.7149
	(Sp Peseta)	192.45	124.5631	63.6724	88.4827
Angola	(Kwanza)	45.9005	29.7090	15.1862	21.1036
Antigua	(E Carr $)	4.1905	2.7122	1.3864	1.9266
Argentina	(Austral)	350.43	226.8155	115.9404	161.1172
Aruba	(Florin)	2.7781	1.7981	0.9191	1.2772
Australia	(Aus $)	2.0063	1.2985	0.6637	0.9224
Austria	(Schilling)	21.205	13.7249	7.0157	9.7494
Azores	(Port Escudo)	252.50	163.4304	83.5401	116.0919
Bahamas	(Bahama $)	1.5450	1	0.5111	0.7103
Bahrain	(Dinar)	0.5839	0.3779	0.1931	0.2684
Balearic Is	(Sp Peseta)	192.45	124.5631	63.6724	88.4827
Bangladesh	*(Taka)*	*48.40*	*31.3268*	*16.0132*	*22.2528*
Barbados	(Barb $)	3.1215	2.0203	1.0327	1.4351
Belgium	(Belg Fr)	63.20c	40.9061	20.9098	29.0574
		63.50g	41.1003	21.0090	29.1954
Belize	(B $)	3.1040	2.0090	1.0269	1.4271
Benin	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Bermuda	(Bermudian $)	1.5450	1	0.5111	0.7103
Bhutan	(Ngultrum)	25.35	16.4077	8.3870	11.6551
Bolivia	(Boliviano)	4.0662	2.6318	1.3453	1.8695
Botswana	(Pula)	3.2175	2.0825	1.0645	1.4793
Brazil	(Cruzado)	2.1328	1.3804	0.7056	0.9805
British Virgin Is	(US $)	1.5450	1	0.5111	0.7103
Brunei	(Brunei $)	3.0183	1.9535	0.9986	1.3877
Bulgaria	(Lev)	1.3580	0.8789	0.4492	0.6243
Burkina Faso	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Burma	(Kyat)	11.1325	7.2055	3.6832	5.1183
Burundi	(Burundi Fr)	249.35	161.3915	82.4979	114.6436
Cameroon	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Canada	(Canadian $)	1.8445	1.1938	0.6102	0.8480
Canary Is	(Sp Peseta)	192.45	124.5631	63.6724	88.4827
Cp. Verde Is	(CV Escudo)	130.7405	84.6216	43.2557	60.1105
Cayman Is	(CI $)	1.2882	0.8337	0.4262	0.5922
Cent.Afr. Rep	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Chad	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Chile	(Chilean Peso)	395.99	256.3042	131.0140	182.0643
China	(Renminbi Yuan)	5.8269	3.7714	1.9278	2.6790
Colombia	(Col Peso)	585.89	379.2168	193.8428	269.3747
Comoro Is	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Congo (Brazz)	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Costa Rica	(Colon)	125.945	81.5177	41.6691	57.9057
Cuba	(Cuban Peso)	1.1820	0.7650	0.3910	0.5434
Cyprus	(Cyprus £)	0.7850	0.5080	0.2597	0.3609
Czechoslovakia	(Koruna)	24.35c	15.7605	8.0562	11.1954
		15.52l	10.0453	5.1348	7.1356
		15.52t	10.0453	5.1348	7.1356
Denmark	(Danish Kroner)	11.7700	7.6181	3.8941	5.4114
Djibouti Rep	(Djib Fr)	275.00	177.9935	90.9842	126.4367
Dominica	(E Carrib $)	4.1905	2.7122	1.3864	1.9266
Dominican Rep	(D Peso)	9.9483	6.4390	3.2914	4.5739
Ecuador	(Sucre)	785.30o	508.2847	259.8180	361.0574
		848.50a	549.1909	280.7278	390.1149
Egypt	*(Egyptian £)*	*4.0230*	*2.6038*	*1.3310*	*1.8496*
El Salvador	(Colon)	7.72	4.9967	2.5541	3.5494
Equat'l Guinea	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Ethiopia	(Ethiopian Birr)	3.1904	2.0649	1.0555	1.4668
Falkland Is	(Falk £)	1.00	0.6472	0.3308	0.4597
Faroe Is	(Danish Kroner)	11.7700	7.6181	3.8941	5.4114
Fiji Is	(Fiji $)	2.3380	1.5132	0.7735	1.0749
Finland	(Markka)	6.7700	4.3818	2.2398	3.1126
France	(Fr)	10.2550	6.6375	3.3928	4.7149
Fr. Cty/Africa	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Fr. Guiana	(Local Fr)	10.2550	6.6375	3.3928	4.7149
Fr. Pacific Is	(CFP Fr)	186.00	120.3883	61.5384	85.5172
Gabon	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Gambia	(Dalasi)	9.6224	6.2280	3.1835	4.4240
Germany East	(Ostmark)	3.0225	1.9563	1	1.3896
Germany West	(DMark)	3.0225	1.9563	1	1.3896
Ghana	(Cedi)	415.80	269.1262	137.5682	191.1724
Gibraltar	(Gib £)	1.00	0.6472	0.3308	0.4597
Greece	(Drachma)	261.35	169.1585	86.4681	120.1609
Greenland	(Danish Krone)	11.7700	7.6181	3.8941	5.4114
Grenada	(E Carr $)	4.1905	2.7122	1.3864	1.9266
Guadaloupe	(Local Fr)	10.2550	6.6375	3.3928	4.7149
Guam	(US $)	1.5450	1	0.5111	0.7103
Guatemala	(Quetzal)	4.3075	2.7880	1.4251	1.9804
		-			
Guinea	(Fr)	465.60	301.3592	154.0446	214.0689
Guinea-Bissau	(Peso)	1008.80	652.9449	333.7634	463.8160
Guyana	(Guyanese $)	46.45	30.0647	15.3680	21.3563
Haiti	(Gourde)	7.7600	5.0226	2.5674	3.5678
Honduras	(Lempira)	3.0880	1.9987	1.0216	1.4197
Hong Kong	(HK $)	12.0348	7.7895	3.9817	5.5332
Hungary	(Forint)	96.2632	62.3062	31.8488	44.2589
Iceland	(Icelandic Krona)	90.55	58.6084	29.9586	41.6321
India	*(Indian Rupee)*	*25.35*	*16.4077*	*8.3870*	*11.6551*
Indonesia	(Rupiah)	2758.95	1785.7281	912.8039	1268.4827
Iran	(Rial)	114.90	74.1100	37.8825	52.6436
Iraq	(Iraqi Dinar)	0.4793	0.3102	0.1585	0.2203
Irish Rep	(Punt)	1.1330	0.7333	0.3748	0.5209
Israel	(Shekel)	3.14	2.0323	1.0388	1.4436
Italy	(Lira)	2188.00	1416.1812	723.9040	1005.9770
Ivory Coast	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Jamaica	(Jamaican $)	8.37	5.4174	2.7692	3.8482
Japan	(Yen)	217.50	140.7766	71.9602	100
Jordan	(Jordanian Dinar)	0.8702	0.5632	0.2879	0.4000
Kampuchea	(Riel)	154.50	100	51.1166	71.0344
Kenya	(Kenya Shilling)	32.30	20.9061	10.6865	14.8505
Kiribati	(Australian $)	2.0063	1.2985	0.6637	0.9224
Korea North	(Won)	1.5054	0.9743	0.4980	0.6921
Korea South	(Won)	1037.25	671.3592	343.1761	476.8965
Kuwait	(Kuwaiti Dinar)	0.4553	0.2946	0.1506	0.2093
Laos	(New Kip)	853.60	552.4919	282.4152	392.4597
Lebanon	(Lebanese £)	785.02	508.1036	259.7253	360.9287
Lesotho	(Maluti)	4.2823	2.7717	1.4168	1.9688
Liberia	(Liberian $)	1.5450	1	0.5111	0.7103
Libya	(Libyan Dinar)	0.4763	0.3082	0.1575	0.2189
Liechtenstein	(Swiss Fr)	2.6025	1.6844	0.8610	1.1965
Luxembourg	(Lux Fr)	63.20	40.9061	20.9098	29.0574
Macao	(Pataca)	12.5046	8.0935	4.1371	5.7492
Madeira	(Port Escudo)	252.50	163.4304	83.5401	116.0919
Malagasy Rep	(MG Fr)	2360.00	1527.5080	780.8105	1085.0574
Malawi	(Kwacha)	4.3650	2.8252	1.4441	2.0068
Malaysia	(Ringgit)	4.1688	2.6982	1.3792	1.9166
Maldive Is	(Rufiya)	13.0523	8.4480	4.3183	6.0010
Mali Rep	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Malta	(Maltese £)	0.5555	0.3595	0.1837	0.2554
Martinique	(Local Fr)	10.2550	6.6375	3.3928	4.7149
Mauritania	(Ouguiya)	116.40	75.3398	38.5111	53.5172
Mauritius	(Maur Rupee)	23.80	15.4045	7.8742	10.9425
Mexico	(Mexican Peso)	3844.50a	2488.3495	1271.9602	1767.5862
		3799.30d	2459.0938	1257.0057	1746.8045
Miquelon	(Local Fr)	10.2550	6.6375	3.3928	4.7149
Monaco	(French Fr)	10.2550	6.6375	3.3928	4.7149
Mongolia	(Tugrik)	5.2077	3.3706	1.7229	2.3943
Montserrat	(E Carr $)	4.1905	2.7122	1.3864	1.9266
Morocco	(Dirham)	13.36	8.6472	4.4201	6.1425
Mozambique	(Metical)	1141.15	738.6084	377.5516	524.6666
Namibia	(S A Rand)	4.2823	2.7717	1.4168	1.9688
Nauru Is	(Australian $)	2.0063	1.2985	0.6637	0.9224
Nepal	(Nepalese Rupee)	37.248	24.1087	12.3235	17.1255
Netherlands	(Guilder)	3.4075	2.2055	1.1273	1.5666
N'nd Antilles	(A/Guilder)	2.7936	1.8081	0.9242	1.2844
New Zealand	(NZ $)	2.6495	1.7148	0.8765	1.2181
Nicaragua	(Cordoba)	11429.00	7397.4110	3781.3068	5254.7126
Niger Rep	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Nigeria	(Naira)	11.3175	7.3252	3.7444	5.2034
Norway	(Nor. Krone)	11.0325	7.1407	3.6501	5.0724
Oman	(Rial Omani)	0.5960	0.3857	0.1971	0.2740
Pakistan	(Pak. Rupee)	32.00	20.7119	10.5872	14.7126
Panama	(Balboa)	1.5450	1	0.5111	0.7103
Papua New Guinea	(Kina)	1.3425	0.8689	0.4441	0.6172
Paraguay	(Guarani)	-			
		1766.12	1143.1197	584.3242	812.0091
Peru	(Inti)	-			
		4750.00a	3074.4336	1571.5467	2183.9080
Philippines	(Peso)	32.30	20.9061	10.6865	14.8505
Pitcairn Is	(£ Sterling)	1.00	0.6472	0.3308	0.4597
	(NZ $)	2.6495	1.7148	0.8765	1.2181
Poland	(Zloty)	1315.98	851.7669	435.3945	605.0482
Portugal	(Escudo)	252.50	163.4304	83.5401	116.0919
Puerto Rico	(US $)	1.5450	1	0.5111	0.7103
Qatar	(Riyal)	5.6380	3.6491	1.8653	2.5921
Reunion Is. de la	(F/Fr)	10.2550	6.6375	3.3928	4.7149
Romania	(Leu)	14.781	9.5663	4.8899	6.7954
Rwanda	(Fr)	126.86	82.1100	41.9718	58.3264
St Christopher	(E Carr $)	4.1905	2.7122	1.3864	1.9266
St Helena	(£)	1.00	0.6472	0.3308	0.4597
St Lucia	(E Carr $)	4.1905	2.7122	1.3864	1.9266
St Pierre	(French Fr)	10.2550	6.6375	3.3928	4.7149
St Vincent	(E Carr $)	4.1905	2.7122	1.3864	1.9266
San Marino	(Italian Lira)	2188.00	1416.1812	723.9040	1005.9770
Sao Tome	(Dobra)	164.1131	106.2220	54.2971	75.4542
Saudi Arabia	(Riyal)	5.7888	3.7467	1.9152	2.6615
Senegal	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Seychelles	(Rupee)	8.85	5.7281	2.9280	4.0689
Sierra Leone	(Leone)	97.80	63.3009	32.3573	44.9655
Singapore	($)	3.0183	1.9535	0.9986	1.3877
Solomon Is	($)	3.5590	2.3035	1.1775	1.6363
Somali Rep	(Shilling)	636.32	411.8576	210.5277	292.5609
South Africa	(Rand)	4.2823c	2.7717	1.4168	1.9688
		6.2275g	4.0307	2.0603	2.8632
Spain	(Peseta)	192.45	124.5631	63.6724	88.4827
Spanish Ports in N Africa	(Sp Peseta)	192.45	124.5631	63.6724	88.4827
Sri Lanka	(Rupee)	53.00	34.3042	17.5351	24.3678
Sudan Rep	(£)	6.985	4.5210	2.3110	3.2114
Surinam	(Guilder)	2.7703	1.7930	0.9165	1.2737
Swaziland	(Lilangeni)	4.2823	2.7717	1.4168	1.9688
Sweden	(Krona)	10.2425	6.6294	3.3887	4.7091
Switzerland	(Fr)	2.6025	1.6844	0.8610	1.1965
Syria	(£)	32.592	21.0951	10.7831	14.9848
Taiwan	($)	41.20	26.6666	13.6311	18.9425
Tanzania	(Shilling)	224.50	145.3074	74.2762	103.2183
Thailand	(Baht)	39.60	25.6310	13.1017	18.2068
Togo Rep	(CFA Fr)	512.75	331.8770	169.6443	235.7471
Tonga Is	(Pa Anga)	2.0063	1.2985	0.6637	0.9224
Trinidad/Tobago	($)	6.5960	4.2692	2.1822	3.0326
Tunisia	(Dinar)	1.5119	0.9785	0.5002	0.6951
Turkey	(Lira)	3331.58	2156.3624	1102.2597	1531.7609
Turks & Caicos	(US $)	1.5450	1	0.5111	0.7103
Tuvalu	(Australian $)	2.0063	1.2985	0.6637	0.9224
Uganda	(New Shilling)	308.87	199.9158	102.1902	142.0091
U A E	(Dirham)	5.6693	3.6694	1.8756	2.6065
United Kingdom	(£)	1.00	0.6472	0.3308	0.4597
United States	(US $)	1.5450	1	0.5111	0.7103
Uruguay	(Peso)	891.17	576.8090	294.8453	409.7333
USSR	(Rouble)	0.9989	0.6465	0.3304	0.4592
Vanuatu	(Vatu)	179.00	115.8576	59.2224	82.2988
Vatican	(Lira)	2188.00	1416.1812	723.9040	1005.9770
Venezuela	(Bolivar)	58.4328	37.8205	19.3326	26.8656
		-			
		-			
Vietnam	(Dong)	6984.00	4520.3883	2310.6699	3211.0344
Virgin Is-British	(US $)	1.5450	1	0.5111	0.7103
Virgin Is-US	(US $)	1.5450	1	0.5111	0.7103
Western Samoa	(Tala)	3.52	2.2783	1.1645	1.6183
Yemen	(Rial)	15.05	9.7411	4.9793	6.9195
Yemen PDR	(Dinar)	0.5323	0.3445	0.1761	0.2447
Yugoslavia	(Dinar)	24891.88	16111.2491	8235.5268	11444.5425
Zaire Rep	(Zaire)	578.75	374.5954	191.4805	266.0919
Zambia	(Kwacha)	16.20	10.4854	5.3598	7.4482
Zimbabwe	($)	3.3025	2.1375	1.0926	1.5183

Special Drawing Rights January 23 1989 United Kingdom £1.24126 United States $1.25364 Germany West D Mark 2.44761 Japan Yen175.760 European Currency Unit Rates January 26 1989 United Kingdom £0.682537 United States $1.06012 Germany West D Mark 2.06882 Japan Yen148.384

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday, June 26, 1989.

INTERNATIONAL CAPITAL MARKETS

Gilts hold steady despite a shake-out for sterling

By Stephen Fidler in London and Karen Zagor in New York

A STEEP fall for the pound failed to induce turmoil in the UK government bond market. In spite of intervention by the Bank of England, the currency fell through 90.0 on its trade-weighted index, a level widely expected to trigger yet another officially sanctioned rise in British interest rates.

But although it closed at 89.7, and dealers remain pessimistic about sterling's fundamental strength, they said that technical shortages of government bonds prevented the market from collapsing. Dealers and investors are afraid to go short in the market because of the sharp rises triggered by relatively small orders, particularly ahead of today's UK trade data.

The market seemed little affected by the deliberations at the European summit in Madrid, largely because the talks were not expected to result in the rapid joining by Britain of the exchange rate mechanism of the European Monetary System.

The benchmark issue of 2003-07 finished about $\frac{1}{32}$ point down at 110¾.

GOVERNMENT BONDS

■ ACTIVITY in most European bond markets was eclipsed by that in the US, which seems at last to have uncoupled itself from the fortunes of the dollar.

In France, the market which tends to react most strongly when the US Treasury market rallies, gains of between 5 and 10 centimes were made. The French market is seen as having more potential than many to make progress if bond markets rally.

■ West German government bond market prices ended the day a touch firmer, rising at the most by 10 pfennigs, with uncertainty about the dollar deterring investors.

The longer-term fundamental picture for the German market has also become a cause for some concern, with estimates of gross national product growth having been revised upwards.

In addition, there is the possibility that German trade unions will seek aggressive pay settlements in forthcoming wage negotiations.

A new Federal bond issue is expected to be announced by next week, but no announcement has yet emerged.

■ US TREASURY prices continued to press upwards on the back of a stronger dollar yesterday afternoon in spite of the absence of any economic news.

The debt market was also encouraged by a string of releases last week, which pointed to a softening in the US economy.

In the early afternoon prices were as much as ¼ point higher. The Treasury's benchmark long bond was quoted $\frac{1}{32}$ point higher at 108$\frac{1}{32}$, yielding 8.13. The Fed did not enter the market and Fed funds were 9¼ per cent at midsession.

Bonds were supported by a strong dollar, which was above the Y140 mark in New York throughout the morning in moderate trading. In the early afternoon the US currency was trading at Y140.80 and DM1.9570, up from Y138.85 and DM1.9425 late on Friday in New York.

The dollar's rapid rise from mid-May until last week had been one of the primary factors behind the bond market's big rally. When the dollar fell sharply last week, bonds were able to continue their rise thanks to encouraging news about slower growth and weaker inflation.

Analysts suggest that the prospect of further gains for the dollar augurs well for a continuing bond market rally.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-27	-3/32	11.64	11.53	11.20
		9.750	1/98	94-08	-6/32	10.60	10.69	10.37
		9.000	10/08	93-16	-4/32	9.75	9.65	9.36
US TREASURY *		9.125	5/99	106-13	+17/32	8.17	8.34	0.00
		8.875	2/19	108-04	+19/32	8.14	8.32	8.63
JAPAN	No 111	4.600	6/98	95.0735	-0.114	5.42	5.52	5.48
	No 2	5.700	3/07	105.0987	-	5.15	5.20	5.11
GERMANY		7.000	2/99	102.0000	+0.250	6.70	6.72	6.96
FRANCE	BTAN	8.000	1/94	96.8576	+0.232	8.84	8.91	8.96
	OAT	8.125	5/99	96.8400	+0.260	8.60	8.65	8.82
CANADA *		10.250	12/98	105.6250	+0.625	9.34	9.48	9.76
NETHERLANDS		7.000	3/99	99.1000	+0.125	7.13	7.13	7.47
AUSTRALIA		12.000	7/99	92.0195	+0.761	13.48	13.85	13.93

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Dutch to trade DAF options

By Our Financial Staff

OPTIONS in DAF, the Dutch truck maker 16 per cent owned by the Rover car group of the UK, are to become the latest options to trade on the European Options Exchange, the Dutch traded options market based in Amsterdam.

Trading in DAF options is due to get under way this morning and if the buoyancy of DAF shares since they were floated through an international share issue earlier this month is any guide, business on the EOE could be brisk.

Expiration months for the new options with an underlying value of 100 DAF shares are July and October of this year and January 1990. Exercise prices are Fl 50, Fl 55, Fl 60, Fl 65 and Fl 70.

DAF shares were massively oversubscribed when floated earlier this month, with investors putting in applications for Fl 16.8bn ($7.7bn) of shares. Dutch investors, not barred from using multiple applications, were especially active in bidding for the Fl 843m of shares on offer.

The shares were offered at Fl 47, but have traded at Fl 57.

Austrian bank deal reopens Canadian dollar sector

By Norma Cohen

THE CANADIAN dollar sector of the Eurobond market, which has been barren of new issues since mid-May, was reopened yesterday with a 10-year deal for Oesterreichische Kontrollbank AG. The C$150m AAA-rated issue, guaranteed by the Republic of Austria, carries a coupon of 10¼ per cent and was priced at 101¼ for a spread of 62 basis points over comparable government paper at launch. J.P. Morgan was lead manager.

INTERNATIONAL BONDS

The issue was said to have met with a warm reception, with bonds seen quoted on brokers' screens late in the day at less 1.70 per cent, well inside the 2 per cent fees.

While the Canadian dollar has held within a 2 cent range of the US dollar for the past six months in spite of the dollar's impressive gains, the sector has suffered from an excess of paper on underwriters books' for the past few weeks.

But in the 10-year sector Canadian dollar yields have not eased recently as much as those in the US, so that spreads between government bonds of the two countries in that maturity have become quite attractive. Yesterday, at the time of the issue's launch, the spread was about 126 basis points, the widest seen in some time.

Also well received was the debut issue in the Eurodollar bond markets for the City of Kobe, guaranteed by the government of Japan and lead managed by Bank of Tokyo Capital Markets (BoT). The $150m 10-year issue carried a coupon of 8⅞ per cent and was priced at 101.60 per cent to yield 55 basis points at launch over comparable US Treasuries.

The issue traded at a discount to issue price of as little as less 1.63 per cent, well inside full fees of 2 per cent.

Dealers described the pricing as somewhat generous given the spreads on other Japanese government-backed paper – such as Japan's ExIm Bank – which was offering a more modest 50 basis points over Treasuries.

New South Wales Treasury Corp launched a A$70m tranche of 10-year Eurobonds intended to be fully exchangeable with an existing A$1.142bn of the same securities, most of which were issued in the domestic market.

Lead manager Bain Securities noted that the issues, which unusually for the Euromarkets carry semi-annual coupon payments, could be traded and cleared through Euroclear. The bonds carry a coupon of 11½ per cent, but are priced at a discount of 88.575 per cent for an effective yield of 13.63 per cent.

Denmark tapped the French franc market, launching a FFr1bn seven-year two-month Eurobond carrying a coupon of 9 per cent and priced at 101⅞ per cent. Crédit Lyonnais was lead manager. The securities are priced to yield 35 basis points over 9.8 per cent government bonds due 1996.

KLM, the Dutch airline which is 39.4 per cent government-owned, launched a SFr200m 12-year bond with debt warrants attached, with Union Bank of Switzerland as lead manager. The securities carry a coupon of 5¾ per cent and are priced at 102.

Each SFr5,000 of bond carries a warrant to purchase an equivalent amount of paper at par. UBS quoted the securities at less 1½ per cent although other houses quoted the bonds at a wider discount of as much as less 1⅞ per cent.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
City of Kobe◆	150	8⅞	101.60	1999	2/1¼	Bank of Tokyo Cap.Mkts
Sanrio Co.(b)‡◆	200	4⅛	100	1993	2¼/1½	Yamaichi Int. (Europe)
CANADIAN DOLLARS						
Oest. Kontrollbank◆	150	10¼	101¼	1999	2/1¼	J.P. Morgan Secs.
AUSTRALIAN DOLLARS						
New Sth Wales Treasury(c)◆	70	11½	88.575	1999	2⅛/1½	Bain Securities
NEW ZEALAND DOLLARS						
Indosuez Australia◆	50	14	101.90	1991	1⅛/¾	Fay, Richwhite
FRENCH FRANCS						
Denmark◆	1bn	9	101⅞	1996	1⅞/1¼	Credit Lyonnais
SWISS FRANCS						
KLM(a)◆	200	5¾	102	2001	2½	UBS
YE Data Inc.(e)§◆	60	⅝	100	1993	n/a	UBS
D-MARKS						
Radex-Heraklith Ind.(d)‡◆	40	6¼	116	1996	2¼/1½	Deutsche Bank
YEN						
Toshiba America◆	10bn	8	114.863	1994	1⅞/1¼	Shearson Lehman Hutton
Toshiba America(f)◆	10bn	7½	101⅝	1993	1⅝/1	Bankers Trust Int.
Sparekassen SDS(g)◆	5bn	(g)	101¼	1994	1.8125	Sanwa Int.

★★Private placement. ‡With equity warrants. §Convertible. ◆Final terms. a) With bond warrants (exercise period 4/8/89-20/7/90). Can be exercised into bond with same terms but par issue price. Non-callable. b) Coupon cut by ⅜% from indication. c) Exchangeable into domestic issue at any time. d) Each DM1,000 has 14 warrants, each warrant entitling holder to purchase 1 bearer share worth Asch100. e) Coupon cut by ⅜% from indication. Yield to put 4.251%(indicated 4.242%). f) Launched with one tranche of Y7bn and one of Y3bn - both linked at redemption to Nikkei stock index. g) Coupon linked to Nikkei stock index.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Jun 26 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Fri Jun 23 Index No.	Thu Jun 22 Index No.	Wed Jun 21 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (206)	960.61	+0.1	10.89	4.89	11.27	14.74	959.88	949.63	944.97	782.65
2 Building Materials (29)	1184.59	-0.5	12.00	4.57	10.29	22.32	1190.75	1287.83	1281.60	998.39
3 Contracting, Construction (37)	1638.91	-0.1	14.15	4.29	9.27	30.72	1640.82	1651.29	1648.40	1598.64
4 Electricals (9)	2868.82	—	8.32	4.81	14.85	30.60	2867.43	2871.33	2851.79	2871.70
5 Electronics (31)	2202.14	+0.5	8.62	3.13	15.04	23.92	2190.91	2245.27	2264.89	1701.40
6 Mechanical Engineering (54)	531.61	+0.1	10.01	4.88	12.29	8.04	531.14	532.42	532.12	482.42
8 Metals and Metal Forming (7)	537.21	-0.5	13.37	3.71	9.49	3.82	539.93	521.28	519.84	471.21
9 Motors (17)	328.07	+0.2	11.33	4.63	10.36	6.83	327.58	328.18	326.66	279.04
10 Other Industrial Materials (22)	1621.59	+0.5	9.28	4.24	12.87	26.35	1614.24	1622.37	1594.88	1292.87
21 CONSUMER GROUP (187)	1240.66	+0.3	9.52	3.84	14.02	17.90	1237.19	1242.44	1237.65	1085.77
22 Brewers and Distillers (22)	1350.29	+0.1	10.07	3.59	12.48	19.41	1351.85	1360.79	1348.76	1117.70
25 Food Manufacturing (20)	1099.71	+0.1	9.22	3.80	13.57	17.13	1098.64	1103.56	1094.82	908.99
26 Food Retailing (15)	2389.37	-0.4	8.45	3.39	15.53	25.59	2399.55	2399.73	2390.48	1998.07
27 Health and Household (14)	2280.83	+1.6	6.50	2.61	17.46	21.50	2245.00	2249.38	2245.43	1848.63
29 Leisure (33)	1658.62	—	7.78	3.43	16.25	22.05	1651.07	1661.19	1656.78	1333.89
31 Packaging & Paper (15)	561.74	-0.3	10.34	4.37	12.23	8.15	563.44	566.50	568.21	516.66
32 Publishing & Printing (19)	3558.35	-0.5	8.65	4.66	14.59	71.88	3577.30	3588.16	3598.96	3434.68
34 Stores (34)	814.34	+0.4	11.16	4.42	11.73	14.98	811.16	816.62	815.15	802.51
35 Textiles (15)	539.51	+0.5	10.98	4.38	10.98	13.42	536.71	538.45	538.55	597.61
40 OTHER GROUPS (93)	1134.65	+0.8	10.83	4.14	12.13	13.55	1127.55	1129.21	1130.22	966.51
41 Agencies (17)	1423.63	+0.7	7.06	2.99	17.52	14.91	1413.26	1412.48	1403.36	1179.30
42 Chemicals (22)	1389.32	+1.0	10.09	4.55	12.83	26.38	1296.39	1299.76	1292.42	1265.65
43 Conglomerates (12)	1649.23	+0.5	10.20	4.92	11.55	20.16	1641.71	1652.34	1604.05	1299.85
45 Transport (13)	2460.82	+0.8	8.57	3.66	15.16	39.22	2440.68	2449.37	2440.57	1985.85
47 Telephone Networks (2)	1371.90	+1.8	11.25	4.48	11.53	2.76	1098.54	1094.79	1186.48	995.30
48 Miscellaneous (27)	1665.93	+0.8	9.57	3.59	11.87	23.26	1652.92	1655.16	1700.65	1170.40
49 INDUSTRIAL GROUP (486)	1159.11	+0.4	9.78	3.90	12.61	16.18	1154.82	1160.70	1158.15	949.71
51 Oil & Gas (14)	2092.44	+1.3	10.15	5.35	13.09	51.14	2066.16	2081.50	2078.08	1825.92
59 500 SHARE INDEX (500)	1238.29	+0.5	9.83	4.09	12.67	19.04	1232.26	1238.98	1236.27	1042.24
61 FINANCIAL GROUP (124)	731.30	—	—	5.38	—	17.62	731.18	734.42	735.84	703.92
62 Banks (8)	724.43	—	24.60	6.60	5.34	21.71	724.40	731.47	734.92	672.85
65 Insurance (Life) (8)	1058.31	-0.1	—	5.64	—	28.96	1059.02	1064.21	1062.73	1020.28
66 Insurance (Composite) (7)	572.05	+0.9	—	6.29	—	16.75	567.09	568.96	568.42	549.18
67 Insurance (Brokers) (7)	959.20	+0.5	7.87	6.54	17.09	31.63	954.85	961.12	964.16	1022.51
68 Merchant Banks (11)	328.72	—	—	4.72	—	5.93	328.75	329.57	328.98	359.57
69 Property (52)	1316.28	-0.2	6.31	2.90	20.21	15.98	1318.73	1315.78	1328.90	1222.47
70 Other Financial (31)	353.95	-0.7	11.60	6.09	10.97	8.82	356.37	359.09	357.21	383.83
71 Investment Trusts (70)	1159.09	+0.6	—	2.83	—	14.25	1152.68	1150.87	1148.46	985.71
81 Mining Finance (2)	664.66	+0.1	8.68	3.86	12.83	10.45	663.96	668.45	618.88	529.32
91 Overseas Traders (8)	1321.28	-0.2	11.40	5.61	9.98	35.07	1324.39	1324.62	1383.63	1152.85
99 ALL-SHARE INDEX (704)	1114.48	+0.4	—	4.25	—	18.53	1109.89	1115.46	1112.12	954.22

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Year ago
FT-SE 100 SHARE INDEX◆	2179.6	+12.1	2183.2	2167.4	2167.5	2180.8	2172.2	2164.8	2154.7	1841.5

FIXED INTEREST

	PRICE INDICES	Mon Jun 26	Day's change %	Fri Jun 23	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	116.62	+0.05	116.91	0.35	5.96
2	5-15 years	129.24	+0.03	129.20	-	6.96
3	Over 15 years	139.71	-0.10	139.85	-	7.09
4	Irredeemables	161.98	-0.14	163.19	0.99	7.32
5	All stocks	127.81	+0.02	127.92	0.14	6.73
	Index-Linked					
6	5 years	135.63	-	135.63	-	1.36
7	Over 5 years	131.95	-0.05	132.01	-	3.88
8	All stocks	132.12	-0.04	132.17	-	1.82
9	Debentures & Loans	112.90	+0.07	112.82	-	5.91
10	Preference	87.61	-	87.61	-	3.10

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jun 26	Fri Jun 23	Year ago (approx.)
	British Government				
1	Low	5 years	10.08	10.08	9.38
2	Coupons	15 years	9.64	9.64	9.58
3		25 years	9.45	9.43	9.26
4	Medium	5 years	11.19	11.20	9.87
5	Coupons	15 years	10.12	10.12	9.70
6		25 years	9.65	9.64	9.50
7	High	5 years	11.31	11.33	9.95
8	Coupons	15 years	10.33	10.32	9.85
9		25 years	9.83	9.81	9.56
10	Irredeemables		9.42	9.41	9.49
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.89	3.88	2.79
12	Inflation rate 5%	Over 5 yrs.	3.81	3.81	3.87
13	Inflation rate 10%	5yrs.	3.10	3.09	1.77
14	Inflation rate 10%	Over 5 yrs.	3.64	3.63	3.70
15	Debs &	5 years	12.00	12.38	10.84
16	Loans	15 years	11.67	11.73	10.81
17		25 years	11.35	11.30	10.77
18	Preference		10.32	10.32	9.59

◆Opening index 2167.9; 10 am 2175.6; 11 am 2176.3; Noon 2176.5; 1 pm 2176.7; 2 pm 2180.0; 3 pm 2180.8; 3.30 pm 2183.1; 4 pm 2180.9 (a) 3.14pm (b) 9.02am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. NAME CHANGE: Conrad Holdings has become Cabra Estates (69).

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
$140	F.P.	-	178	140	Alan Paul 5p	173		12.5	2.6	2.0	20.8
$110	F.P.	-	116	112	Allen	112	-3	14.2	2.8	3.0	13.5
[illegible]											

FIXED INTEREST STOCKS

Issue Price	Amount Paid	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price	+ or -
[illegible]							

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price	+ or -
[illegible]							

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	27	36	43
Corporations, Dominion and Foreign Bonds	2	11	29
Industrials	332	383	873
Financial and Properties	170	96	395
Oils	29	17	47
Plantations	0	2	10
Mines	63	24	89
Others	98	45	106
Totals	721	614	1,592

TRADITIONAL OPTIONS

● First Dealings Jun 26
● Last Dealings Jul 7
● Last Declarations Sep 28
● For settlement Oct 9

For rate indications see end of London Share Service

Calls in Tern, Tuskar, Bula, Ferranti, Dixons, ZCI, Beltway, Hanson, Norfolk Cap, Oliver Res, Minorco, PC Ferranti.

LONDON TRADED OPTIONS

BRITISH TELECOM added a touch of effervescence to an otherwise quiet Traded Options Market yesterday. BT business accounted for 2,105 contracts out of the market total of 25,359, although by 2.30pm it had not reached the 350 contracts or so required to put it in the top eight in the day's order.

The business in BT was led largely by opening of interest in the puts in the August and November 260s, while the second saw 615 contracts and an opening of 805 to 3,686. The first saw 661 contracts, and an opening of position of 657 contracts to 3,965.

There were few series traded in the option on the stock, and on the call side a feature was a gain of 300 contracts in open interest terms to 680, on the back of trading of 400 contracts. Total business was divided into 559 calls and 1,546 puts. The price of the shares on the underlying market gained 3p on the day to 288p.

Overall market business was split between 13,825 calls and 11,534 puts. Dealings in the FT-SE 100 index option reached appreciably more than the day's total market dealings, on 5,686 contracts, comprising 2,196 calls and 3,490 puts.

The index itself rose 12.1 points on the day to 2,179.6, in spite of the weakness of sterling in the foreign exchange market and the upward movement in short-term sterling interest rates. The fact that there were appreciably more puts than calls in the index option was coloured by there being a greater expansion of open interest on the call side than on the put.

On the call side, there was a gain of 960 contracts to 47,377 in the number of exercisable contracts, and on the put a gain of 201 to 25,446. The main concentration of business on the put side lay in the June 2,150s, an amount which brought a fall of 36 contracts in the open put position.

Option	Calls			Puts		
[illegible]						

UK COMPANY NEWS

Second half pegs Berkeley Group to 25% increase

By Peter Pearse

BERKELEY GROUP, the specialist housebuilder and commercial developer, lifted taxable profits 25 per cent from £17.7m to £22.11m in the year to April 30. Turnover in the period advanced 51 per cent to £139.05m.

However, Mr James Farrer, chairman, said that, as he had foreshadowed in his interim statement, the second half had seen a slower growth rate in sales. Despite this, residential building lifted profits to £21.23m (£15.75m) on turnover up 47 per cent to £135.29m (£92m). This compares with the rise of 75 per cent achieved in the first six months.

Commercial development contributed £813,000 (nil) on turnover of £3.75m (nil). The joint venture companies again increased their contribution from £1.18m to £3.01m. Interest receivable and similar items fell to £219,000 (£1.26m).

After tax of £7.89m (£6.31m), earnings increased to 34.2p (28.2p). The directors have proposed raising the final dividend to 3p (2.5p) to make 4.5p (3.5p) for the year.

Mr Farrer said that the rise in interest rates, the ending of double mortgage relief and the sharp rise in house prices in 1987/88 had caused a slowdown in the housing market, especially in the south where the company's business is concentrated.

However, even in such adverse economic conditions, the company achieved satisfactory results in all its operations, with good figures from Clare Homes, Berkeley Homes, Berkeley Homes (Kent) and Berkeley Homes (Sussex).

Mr Farrer said that he viewed the immediate future with some caution and would continue to do so until there a reduction in interest rates and a return to confidence in the housing market.

Even though the group's forward sales were at a lower level than at this time last year, he believed that the action taken, coupled with the commitment to current trading, tight financial control, strong cash flow and experienced management, all put the group in a strong position.

All divisions help Wyndham rise to £3.2m

Wyndham Group, the Cardiff-based property investment, vehicle distribution, financial services and engineering company, saw taxable profits leap from £1.29m to £3.2m in the year to March 31.

Mr Brian Brownhill, chairman, said that all divisions of the group had produced results ahead of their respective budgets.

The group's net worth had more than doubled to £22.5m over the period, he added, representing a net asset value of 401p per share. Wyndham shares closed at 337p yesterday.

Turnover expanded £19.87m to £33.15m. Earnings per 15p share rose to 51.6p (35.5p) and the total dividend is raised to 4.5p (3p) via a proposed final of 3p.

Fletcher King profits rise 39% to £2.9m

Fletcher King, commercial estate agency and surveyor, reported a 39 per cent increase from £2.06m to £2.88m in pre-tax profits for the year to April 30 1989.

Turnover rose 45 per cent from £5.77m to £8.4m and after tax of £1.06m (£767,000), earnings per 10p ordinary came out 31 per cent higher at 21.5p (16.4p). The proposed final dividend is increased from 4.75p to 6.3p making a total of 10.6p (7.25p).

The figures included a first full-year contribution from Howard Associates. Mr David Fletcher, chairman, said that its profit projections were exceeded.

He added that despite the recent rise in interest rates no slackening in business had been seen.

COMPANY NEWS IN BRIEF

Tamaris more than doubled

TAMARIS, the nursing home and rehabilitation centre operator, more than doubled its pre-tax profits from £109,019 to £269,562 in the year to March 31.

There was a turnround in interest, with £25,970 receivable this time, against £262,521 payable last. Turnover was up from £1.88m to £2.15m, although other operating income fell from £66,269 to £2,382.

In line with last July's forecast, a dividend of 2p has been recommended. There was an extraordinary credit of £125,427, which relates to Lifecare – £91,704 recovered from the liquidater of one of its subsidiaries, and £33,723 of released provisions found to be unnecessary. Taking these items as extraordinaries forced earnings, at the basic level, down to 0.54p (1.54p) per share. Adjusted, they were 1.63p.

IAWS profits decline by 13%

IAWS, the Irish agricultural concern whose shares were placed on the USM in Dublin last November, saw interim profits for the six months to March 31 decline almost 13 per cent to I£2.88m (£2.53m) from £3.31m.

Turnover for the period was up from £72.51m to £113.52m, tax took £175,000 (£150,000) and minority interests £100,000 (£30,000) leaving earnings of 3.4p (4.7p) for a 1.9p interim dividend.

John Swan advances to £317,000

John Swan & Sons, livestock auctioneer and estate agent, achieved £316,971 pre-tax, against £204,472, on turnover up from £1.30m to £1.29m, for the year ended April 30 1989.

A single final dividend of 12p (10.5p) is proposed, with earnings per share standing at 39.9p, up from 20.6p.

The current year had started well, with cattle prices firm, but much depended on the prices for store cattle this autumn, the company said.

Institutions take 24% Summer stake

A stake of around 24 per cent in Summer International, the training and education group, has been placed with institutional investors at 92p per share.

The shares were owned by the vendors of Cranbrook Training and Recruitment, the secretarial training company, which Summer acquired in 1988. Summer's shares closed 2p higher at 102p.

Unit Group expands by 28% to over £1m

Unit Group, the UK's largest manufacturer of wooden pallets for industry, achieved a 28 per cent rise in pre-tax profit from £816,000 to £1.04m for the year ended March 31 1989, on turnover up from £19.24m to £24.45m.

A final dividend of 2.5p (3.75p) was proposed, making 5p for the year, unchanged on the 1988 total.

After a substantially increased tax charge of £262,000 (£84,000) earnings per 20p share stood at 17.6p (18.1p).

The company is currently quoted on the Third Market and hopes to seek a listing on the USM early in 1990.

Gross profit stood at £4.48m (£3.36m), dented by administrative expenses sharply increased to £2.08m (£1.52m) and distribution costs up to £995,000 (£722,000).

UK COMPANY NEWS

Office equipment group plans sizeable acquisitions within the next two years.

Gestetner shows 29% advance to top £16m

By Vanessa Houlder

GESTETNER, the office equipment group, yesterday announced a near-29 per cent rise in pre-tax profits from £12.6m to £16.2m for the six months to April 30.

Sales increased 7.6 per cent to £216.9m (£201.5m), or by 16 per cent after adjustments for *discontinued activities and currency movements.*

The company announced that it expected to make one or two major acquisitions within the next two years.

Mr Greg Melgaard, deputy chairman, said that the deals – which could more than double the size of the business – would not necessarily be limited to office equipment. However, they would involve distribution or service businesses serving a similar customer base.

Trading margins came close to the group's stated goal of 8 per cent, after increasing from 6.8 per cent to 7.8 per cent.

Mr Basil Sellers, chairman, said that all major subsidiaries were now operating profitably. In particular, progress had been made in the US and the UK, which had returned to profit.

Attention would now be focused on working capital management, which could be cut from 27 per cent of sales to 23 per cent, he said.

Profits in the second half were expected to be at least as good as those achieved in the first half.

The geographical breakdown of trading profits was as follows: UK £4.2m (£2m); other EC countries £8.3m (£7.4m); rest of Europe £700,000 (£1m); North and South America £3m (£2.1m) and Africa, Asia and Australasia £3.2m (£2.9m).

Diluted earnings per share (excluding the convertible loan stock held by AFP Investment Corporation, the Australian group which took management control in November 1986) increased over 28 per cent to 15.4p (12p).

The company said it was confident of a continuation of the earnings per share trend achieved to date which shows a compound growth rate of 52 per cent since the first half of 1986.

The interim dividend is increased from 1p to 1.5p.

● COMMENT

The City – which has pushed Gestetner's shares up 42 per cent this year – has clearly taken the new management's recovery story to heart. At first sight, this strong set of results added more grist to the mill and the shares moved up strongly before settling at 276p, a net gain of 2p. But although more work on margins and working capital should bring further gains in the next couple of years, attention has now moved away from the turnround and is focusing instead on the acquisition plans. These, analysts suggested, could prove something of a challenge if Gestetner is to avoid ACT write-off problems or earnings dilution and is to remain cash positive. In addition, there was some disquiet yesterday about Gestetner's decision to ignore the AFP loan stock in its earnings calculations. On top of that, there were some worries about the effects of economic uncertainty on office equipment sales. All in all, the shares – on a rating of 8.5 assuming pre-tax profits this year of £35m – may be due for a bout of consolidation.

Basil Sellers: subsidiaries *operating profitably.*

Airtours shows £3.9m loss and warns of 15% drop in market

By Edward Sussman

THE UK PACKAGE tour business is continuing to decline, according to Airtours, a leading operator in the sector, although it said its business is showing improvement.

For the six months to March 31 – traditionally a loss-making period for package tour operators – Airtours reported pre-tax losses of £3.95m (£4.5m). But it said bookings for the summer months, when the company earns the biggest slice of its income, were up 40 per cent. Last year, Airtours doubled pre-tax profits to £4.08m in the 12 months to September 30.

Mr David Crossland, chairman, said the overall market had shrunk between 5 and 8 per cent in the past year and he forecast in a year's time there would be a 15 per cent drop from 1988 levels. However, Mr Crossland said neither the warmer UK weather nor higher interest rates had hurt Airtours, which has a high percentage of repeat business from previous customers.

"People tend not to give up their holidays too easily," said Mr Hugh Collinson, managing director. "It's one of the last things they give up."

The company said it tried to avoid the stiff price wars being waged by competitors. Last August, intense competition led Bass, the brewing company, to sell Horizon Holidays, its loss-making tour operator, to UK market leader Thomson Travel for £75m. Bass had bought Horizon 16 months earlier for £92m.

Airtours' margins of more than £8 per customer were much higher than the industry average, said Mr Crossland. He said price wars had cut Thomson's margins to about 80p per passenger. Thomson, however, carries many more passengers than Airtours. According to Mr Crossland, the overall decline in the industry is likely to make business even more difficult for high-volume, low-margin operators.

In the first half Airtours carried some 166,000 passengers, up from 90,000 in the previous year, generating turnover of £34.74m (£17.8m). More than 600,000 passengers are expected for the full year. Florida and Barbados remained the most popular destinations. US ski holidays and short-stint Paris trips are being introduced this year.

Airtours' higher volume made it the third largest operator by sales in the UK sector, the company said. It estimated its market share was between 4 and 6 per cent. Thomson controls about 40 per cent of the market.

Growth in volume results in higher "empty leg" costs in the first half, Mr Collinson explained. These costs are the result of sending empty planes to pick up holidaymakers at the end of the summer season. Airtours is in the process of building its winter tour packages in an attempt to cut first half losses.

An interim dividend of 1.5p (1.35p) was declared. The loss per share was 16.04p (18.5p).

Improved pig prices lift Cranswick to £670,000

AN INCREASE in pig prices in the second half helped Cranswick Mill Group recover from lower pre-tax profits at the interim stage. After profits fell £116,000 in the first half the full-year result showed a rise of £17,000 to £670,000 with a second-half rise of 60 per cent.

Turnover for the USM-quoted Humberside-based company with interests in animal feeds, pig marketing, and grain merchanting and storing improved from £53.12m to £58.87m.

After tax of £233,000 (£230,000) stated earnings per share came out at 6.5p (7.6p). The directors are proposing an unchanged final dividend of 3.7p for a same-again total for the year of 5.55p.

Mr Richard Marginson, chairman, said that the results had also been helped by improved margins in the core feeds business.

During the year the company acquired Pork Cuts and Charter Pork Cuts.

The chairman added that pig prices had continued to increase in the present year and a good performance was expected from the fattening and marketing activities. In addition turnover in pig feed was being maintained at the higher level.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Anchor Intl, Aukett Associates, Bergtek Inv, Blick, Clyde Blowers, Great Western Resources, Hardys & Hansons, LPA Inds, SEP.

Finals- Anglo United, Avesco, Elmec Inds, Broad Street, Debenham Tewson & Chinnocks, Equity & General, Haines, ... India Fund, Parkfield, Steel & Simpson, Storngard, West Inds, Yorkshire.

FUTURE DATES

Interims-	
Anglo & Overseas Trust	July 14
Beriaford	June 30
Claremont (UK)	July 3
Domino Printing Sciences	July 6
First National Finance	June 30
Greenwich Resources	June 30
Unitech	Aug. 1
Finals-	
Alexander (Walter)	June 28
Assoc Brit Engineering	July 4
Caledonia Investments	June 28
Clarke Hooper	July 16
Dominion Intl	July 5
Fuller Smith & Turner	July 5
Highgate & Job	July 11
Monotype	July 6
Peel	July 7
Southwest Resources	July 7
Sytions	July 4
United Industries	June 29
Vistec	June 29
Wyko	July 11

WPP profit 'in line with expectations'

By Nikki Tait

CURRENT YEAR results at WPP, the UK-based advertising agency and marketing services group, were "on budget", Mr John Symonds, chairman, told shareholders at yesterday's annual general meeting in London.

He added that profits for the year were "in line with expectations both inside and outside the company". The equivalent of more than $700m (£450m) in net new business had been gained since the start of 1988.

Shares in WPP fell 7p to 644p.

Mr Symonds said that WPP intended to make further appointments in the financial monitoring, tax and treasury areas, in addition to forming a group financial operating committee.

Jefferson Smurfit

Jefferson Smurfit has exercised its option to increase its beneficial interests in the Colombian interests of Container Corporation of America from 25 per cent to 64 per cent for $58m (£37.29m) cash.

Sea Containers valuation excludes debt items

SEA CONTAINERS, in a Securities and Exchange Commission filing, said reports quoting the value of its business units at about $2bn exclude its debt and redeemable preferred stock, Reuters reports.

These items should be deducted to reach an estimated value of Sea Containers equity securities, the filing said.

The Bermuda-registered group is facing a $824m hostile bid from Stena, the private Sedish ferry operator and Tiphook, the UK container rental company.

Mr James Sherwood, the group's president, quoted the $2bn as the "aggregate hypothetical values for the company's several business segments" based on data provided June 8 to the board by its financial adviser Lazard Freres and Co.

Ratners' substantial growth in UK continues

RATNERS GROUP is currently performing "well ahead of the general retailing climate", according to Mr Gerald Ratner, chairman and managing director of the high street jewellery chain.

Speaking at yesterday's annual meeting he said the group's three main UK operations continued to achieve substantial growth. Sales at both H Samuel and Ratners outlets were ahead by some 20 per cent since the financial year-end.

New merchandise introduced to Zales, the jewellery chain acquired from Next last November, was "achieving outstanding results" with like-for-like increases running at over 35 per cent.

Trading at Sterling, the US operation, remained "very strong", Mr Ratner said, with sales growth into double figures.

The group planned to open another 50 stores in the US during the course of the year.

COMPANY NEWS IN BRIEF

EMAP has sold Bournemouth Streetlife, the free newspaper, to Southern Newspapers.

GREENWICH COMMUNICATIONS has sold its Greenwich Cablescene subsidiary and South East London Cable, its wholly-owned subsidiary, to Cable Road (UK) for £750,000, £10,500 of which is in respect of the issued share capital of Cablescene and the balance as to loan repayments to be made by Cablescene to Greenwich on completion.

METSEC has purchased Springmount (Holdings), which is the holding company for EDR Muller and EDR Fabricators, for £600,000 plus a £136,000 premium. The consideration will be in cash and loan notes.

REA HOLDINGS offers for Wigglesworth have been declared unconditional. REA has received valid acceptances in respect of 389,235 ordinary and 80,563 deferred (93.83 per cent). In addition REA has received acceptances, not complete in all respects, for a further 23,596 ordinary and 1,669 deferred.

SPECTRUM GROUP is to sell three subsidiary companies, Specialist Retail Press, Rocksoft and Statesoft to Europress for a nominal sum. None of the companies were engaged in the core business of the Spectrum Group.

TRIPLEX LLOYD has sold its Rollstud subsidiary to Maclaine Holdings for £1m – £750,000 paid on completion and the remainder during the next 12 months.

PALMA GROUP is selling an office block, currently being built in Lewes, to the Sussex County Building Society, for £4.3m cash. Palma is also acquiring the remaining 12.5 per cent interest in Lewes Design Workshops for a maximum of £1m cash.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Airtours	int	1.5	July 28	1.35	-	6.25
Amer Business §	int	1.3	-	1.1	2	1.7
Bardon	int	3.25	-	-	-	-
Berkeley Group	fin	3	Aug 17	2.5	4.5	3.5
Cranswick Mill§	fin	3.7	July 31	3.7	5.55	5.55
Davy Corporation	fin	5¼	Sept 8	4.25	8.5	8.25
Fil-Fydes	int	0.4§†	July 31	0.363	-	1.283
Fletcher King	fin	6.3	Oct 2	4.75	10.6	7.25
Gestetner Hldgs	int	1.5	Aug 10	1	-	5.5
IAWS Group	int	1.9♣	-	-	-	-
Swan(John) & Sns	fin	12	-	10.5	12	10.5
Tamaris	fin	2	August	-	2	-
Unit Group ♦	fin	2.5	-	3.75	5	5
Whitecroft	fin	9.7†	Aug 14	8.05	13.6	11.6
Wyndham Group	fin	3†	Oct 30	2	4.5	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.☆Carries scrip option. ♣Irish currency throughout.

Dublin placing for Celtic Gold

By Vanessa Houlder

Celtic Gold, an Irish exploration company, is joining the Third Market in Dublin, through a placing which will raise I£1.09m(£964,000).

Trading in the shares is expected to begin on June 30.

O'Brien and Toole, Dublin broker, and Magennis and Co, of Newry, are placing 4m shares at I£0.30 (26p), subject to shareholder approval at an extraordinary general meeting.

The cash raised will be used to pursue exploration and development programmes.

Leading Leisure

Leading Leisure has acquired Duchy Parklands, Cornish pleasure parks operator, for £1.06m cash and £840,000 of borrowings. The company has also increased the number of its casinos with the acquisition of three from the First Hamblin Group for £4.5m cash.

NOTICE OF A SECOND MEETING
OF THE HOLDERS OF
BANK OF HELSINKI LTD.
(UNION BANK OF FINLAND LTD.)
ECU 38.500.000 9% Subordinated Bonds Due 1996

No quorum having been reached at the first meeting held on June 6, 1989 a second Meeting of the holders of BANK OF HELSINKI LTD. (UNION BANK OF FINLAND LTD.) ECU 38.500.000 9% Subordinated Bonds Due 1996 will be held at the office of UNION BANK OF FINLAND INTERNATIONAL S.A., 189, avenue de la Faïencerie, Luxembourg, on July 12, 1989 at 2.00 p.m. to deliberate on the following agenda:

AGENDA

Amendment of the terms and conditions of the Bonds, article "Acceleration of Maturity".

- to delete paragraph (3) which reads at present time as follows:

"(3) in the event of default by the Bank or any Principal subsidiary of the Bank in the due and punctual payment of the principal of, or premium or prepayment charge (if any) or interest on any indebtedness of or assumed or guaranteed by the Bank or such Principal Subsidiary when and as the same shall become due and payable, if such default shall continue for more than any period of grace applicable thereto and the time for payment of such interest, principal, premium or prepayment charge has not been effectively extended, or in the event that any such indebtedness of or assumed or guaranteed by the Bank or any such Principal Subsidiary shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default thereunder."

- to delete in paragraph (4) the words "or any Principal Subsidiary of the Bank";

- to delete in paragraph (7) the words "or any Principal Subsidiary of the Bank" or "or any of its Principal Subsidiaries" and "or of any of its Principal Subsidiaries";

- to delete the last paragraph which reads at present time as follows:

""Principal Subsidiary" shall mean (i) any subsidiary of the Bank the total assets of which constitute (or have within the previous three years constituted) more than 15% in value of the total assets of the Bank and all its subsidiaries or (ii) any subsidiary of the Bank the net income of which constitutes (or has within the previous three years constituted) more than 15% of the aggregate net income of the Bank and all its subsidiaries."

No quorum of presence is required for the second meeting.

In the Meeting, a majority of two thirds will be required for resolutions on the items of the agenda.

For the purpose of obtaining voting certificates or appointing proxies the holders are required to deposit their Bonds at the latest two business days prior to the Meeting at the office of KREDIETBANK S.A. Luxembourgeoise, Luxembourg (attention: Mr. Emile Schmitz) or at the above mentioned office of UNION BANK OF FINLAND INTERNATIONAL S.A., Luxembourg (attention: Mr. Bernard Lamis).

Proxies should be lodged with KREDIETBANK S.A. Luxembourgeoise, or UNION BANK OF FINLAND INTERNATIONAL S.A., Luxembourg two business days before the Meeting.

The Board of Management

UK COMPANY NEWS

First annual results as a listed company accompanied by £16m rights issue

$45m quarry products purchase for Bardon

By John Thornhill

BARDON GROUP, the quarrying and building products company, yesterday marked the release its first annual results as a listed company with the announcement of a US acquisition and a £16.1m rights issue.

The Leicester-based company moved to strengthen its US operations through the acquisition of Simeone, a Boston-based quarry products company, for $45m (£28.9m) in cash.

Simeone, owned by the Simeone family, runs a stone production business and operates hard rock quarries at Wrentham and Taunton, in Massachusetts. In the year to February 28, Simeone made pre-tax profits of $7.24m on turnover of $40.85m.

Bardon said Simeone's operations would fit well with its existing Trimount activities which are also located in Massachusetts. The Trimount business Guyott, which was bought by Bardon in April 1988.

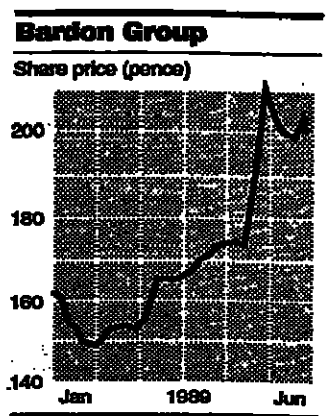
Simeone's vendors have, however, asked for the acquisition to be delayed until April 1990 because of tax considerations. The acquisition is also dependent or any liabilities identified by an environmental review.

Bardon reported a 77 per cent gain in pre-tax profits to £12.9m (£7.29m) on turnover ahead 73 per cent at £165.66m (£95.99m) for the year to to March 31.

A final dividend of 2.43p was recommended which will make a total of 3.25p (2.5p), an increase of 30 per cent. Earnings per share grew by 45 per cent to 10.3p (7.08p).

Bardon had gearing of 125 per cent at the year end but the company said it intended to reduce this to less than 70 per cent by the end of the 1989-90 financial year.

In order to strenghten its capital base, Bardon is to raise



£16.1m by means of 1-for-8 rights issue at 170p a share. Holders of preference shares will be entitled to new shares on a 3-for-40 basis.

Mr Peter Tom, chairman and chief executive, said the year had seen the most dramatic changes at Bardon since it became a public company in 1977.

Last year, Bardon decided to concentrate on its core businesses of quarrying and building products and had implemented this strategy during the year, he said. Three businesses were sold and two were acquired: Guyott, since renamed Trimount, was bought in April, and Pisani, which has been added to the UK building products division, in November.

Trimount made an 11-month contribution of £3.09m to pre-tax profits and £50.54m to sales.

Last year, Mr Tom was paid £354,720, a 54 per cent increase on the previous year's £230,690.

● COMMENT

Bardon has certainly caught the market's eye. The company has rapidly established a firm presence in the UK and Massachusetts construction markets and stands to benefit considerably from the vast amounts of money that are to be poured into infrastructure projects on both sides of the Atlantic in coming years. This year, earnings growth will flatten out as the increased number of shares in issue begins to take its toll, and further out earnings growth will still be restrained by the highly leveraged nature of the Simeone acquisition. But because of its enormous and perfectly-located reserves, Bardon can hardly fail to prosper. The shares are tightly held because of the large family holding in the company, and this limited market partly accounts for the high prospective multiple of 18 which can be derived from pre-tax profits forecasts of £16m. Even at that rating, however, Bardon would seem to represent reasonable value for those prepared to wait for the full gains from the bulging building budgets to feed through.

Bardsey subsidiary sale postponed

By John Ridding

BARDSEY, the hand tool manufacturer and distributor, has postponed the sale of its subsidiary Rabone Chesterman to Cooper Industries because a rival bidder has obtained a temporary restraining order from a US court.

At last week's adjourned extraordinary general meeting called to approve the disposal, Mr David Burnet, Bardsey's chairman, said that the Stanley Works, the UK subsidiary of a US-based tools and hardware group, had won the order from the district court of Connecticut.

Bardsey said that it expected the court's ruling, to be made early this week, would go in Cooper's favour and that the deal would be approved at a new meeting called for next Thursday.

Stanley Works' original offer for Rabone worth £8.5m was recommended by Bardsey. However, before shareholders approved the deal a higher offer, worth £9.5m was made by Cooper.

Electric and Gen

Electrical and General Investment Company reported net asset value at May 31 of 127p, against 100.63p a year earlier. Net revenue for the year to the end of May was £1.89m (£1.61m). Directors are recommending a final dividend of 1.45p (1.25p) for a total for the year of 2.05p (1.75p).

UK COMPANY NEWS

Property side helps Whitecroft to £15.4m

By John Ridding

WHITECROFT, the industrial holding company, yesterday announced pre-tax profits of £15.37m for the year to end-March, an increase of 27 per cent on the previous 12 months, and at the top end of expectations.

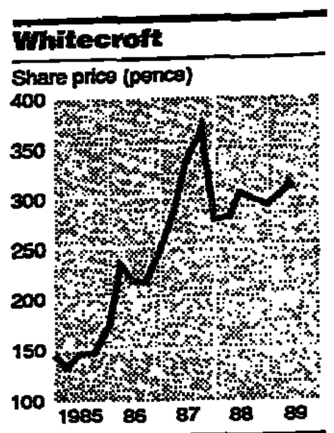
The outcome, achieved despite profits in the textiles division declining from £3.85m to £1.51m, resulted from a strong year in property development and a £1m swing in interest charges, to a credit of £214,000, reflecting the disposal in August of the group's builders' merchants for £34m.

Mr Tom Weatherby, chairman, described the disposal and the subsequent move into specialist manufacturing in the building sector, as "one of the most fundamental decisions the group has taken".

Turnover slipped from £141.5m to £137.14m as a result of the disposal, but profits in the building products division as a whole increased from £2.63m to £4.1m. This reflected the higher margins in the three specialist manufacturing businesses which were acquired during the year.

The strongest improvement during the year came from property development which doubled profits from £2.95m to £5.89m. According to Mr Peter Goold, joint managing director, both the commercial and residential operations made a "substantial contribution."

The setback in textiles was the result of the high level of sterling and interest rates. Exports fell sharply in the first half and there was domestic pressure from import penetration.



Mr Weatherby said that "management action" had been taken and that there had been a "substantial improvement in the second half".

Earnings per share rose from 25.9p to 31.5p. There is a recommended final dividend of 9.7p giving a total of 13.8p (11.5p).

● COMMENT

On the face of it the prospects for a company involved in housing, textiles and various consumer products appear gloomy. But while higher interest rates and an uncertain consumer spending outlook obviously provide constraints, Whitecroft continues along a path of steady growth and enjoys a fair degree of protection. It builds houses only in the buoyant north and two-thirds of profits in the property development business come from commercial contracts. Its building products go largely to specialist contracts and local authorities are providing strong demand for replacement windows. Some of Whitecroft's textiles products have obviously been hit and will continue to be vulnerable. But rationalisation and a weaker pound suggest improvement this year, although not to the level of 1987/88. The shrewd move into high margin specialist products will more than compensate for the loss of the group's builders' merchants and should enable pre-tax profits to reach £17.75m. The shares have underperformed this year, probably because of interest rate fears, and the prospective multiple of just under nine is probably a bit cheap.

Acquisitive American Business rises to £5.7m

By Graham Deller

AMERICAN BUSINESS Systems yesterday reported record profits for the 12 months to March 31 1989.

The USM-quoted group, which supplies and services business equipment in the US, lifted pre-tax profits by 41 per cent to £5.71m (£4.06m).

Mr Mark Vaughan-Lee, chairman, said the outcome was attributable entirely to another strong performance by Danka Industries, ABS' main operating subsidiary. Profits there had risen by 63 per cent, he said.

The acquisitive Danka, which purchased seven companies during the year, plus Florida-based Cavalier Products after the year-end, for a total of $17.6m, was now the largest office equipment distributor in the south-eastern US.

According to Mr Vaughan-Lee, most of the companies acquired had been successfully integrated into Danka and were making "significant revenue and profit contributions".

These should increase further as the "advantages of reorganisation in more recently acquired branches take full effect".

Expansion would continue through a programme of strategic acquisitions as well as further growth from existing businesses, he said.

Group turnover increased 50 per cent to £52.84m (£35.3m). After tax of £626,000 (£265,000), earnings per 5p share were 13.6p, up from 10.1p the previous year.

A recommended final dividend of 1.3p gives a total of 2p (1.7p) for the year.

FII-Fyffes up 31% to I£8.33m

FII-Fyffes, the Dublin-based fresh fruit distributor, reported interim pre-tax profits ahead 31 per cent at I£8.33m (£7.37m), against I£6.35m last time. Turnover for the six months to end-April rose 42 per cent from £122.89m to £174.4m.

Earnings per share were 3.04p (2.5p) or 2.87p (2.4p) fully diluted. The interim dividend is raised to 0.4p (0.363p).

The company said that it performed strongly during the period and that sales and profits continued to increase.

Tax took £2.92m (£2.22m) and there were minorities of £89,000 (£23,000). Dividends absorbed £963,000 (£771,000) to leave retained profit of £4.37m (£3.33m).

TECHNOLOGY

Productivity race tests the showcases

John Griffiths on Fiat's and VW's response to the Japanese challenge inside Europe

When Fiat and Volkswagen opened the doors of their respective "showcase" car assembly plants at Cassino, near Naples, and Emden, at the north-east tip of West Germany, both revealed steps forward in automated assembly techniques – despite differences in their approaches.

The vast, airy Cassino facility is home to the Robogate assembly stations which first took the car industry into large-scale, sophisticated robotics in the 1970s. Now Fiat claims this is again the world's most automated car plant.

Yet neither this facility nor the one at Emden appears to have fully grasped how to match the ever-improving productivity and efficiency levels of the Japanese vehicle industry, which by the mid-1990s will be tackling Europe's car market – the world's largest – substantially from within.

Each plant will still employ more people per car produced than at comparable Japanese plants, such as Nissan's at Sunderland in the UK. Equally, Fiat argues that even Cassino should be seen as only a step along the way to almost completely integrated, automated vehicle production.

The Italian and West German plants, which have been running for just over a year, have a similar range of activities, even though Cassino's capacity is 1,800 cars a day (which it has yet to reach) on 2½ shifts while Emden's is 1,200 on two shifts.

Both plants jig and weld together "bodies-in-white" – unpainted body shells – from individual pressings, although Cassino stamps most of its own whereas Emden's are supplied from other VW plants. They then take the vehicles through to final assembly, but with most of the components supplied from outside.

In both cases, the "just-in-time" inventory concept – so often quoted as giving Japanese assembly plants a big cost advantage – falls short of the ideal. Emden, which has VW supplier plants within easy striking distance, comes closest with 74 per cent of needed parts claimed to be at stock levels of only a few hours.

At Cassino, remote from Fiat's main plants around Turin in the north, the assembly line buffer ranges from 45 minutes for locally produced seats to a three-day supply line of engines and transmissions.

It is the selected methods of automation which are markedly different at the two plants.

At Emden, VW has chosen to use a lay-out of 20 interlocking "boxes", populated by robots. The plant's prime goal is to build not just the bodies of several different vehicles simultaneously, and at random, but to have flexible production equipment that can easily be modified to build successor models to the current range, over an equipment life of 20 years.

Currently, Emden is devoted to the Passat, where the assembly system is designed to cope with a theoretical 18m specification variants. But it can be used as a top-up plant for Golfs, producing them economically at a minimum volume of 50 units a day.

The concept is, therefore, radically different from VW's Hall 54 at Wolfsburg, which is dedicated to building more than 3,000 Golfs a day and would have to be re-equipped to build another model.

Of Emden's 500 robots, nearly 340 are in the honeycomb of boxes. Eleven of the boxes assemble body pressings in their jigs and tack weld them in position. The assemblies are then transferred to one of the remaining nine boxes, where nearly 3,500 spot welds are made.

Crucial to the whole process is that each box can operate independently, using instructions carried by automatic guided vehicles (AGVs), so that breakdown in one box does not affect the others. Alternative sets of machine tools lie in racks, from which the robots can re-equip themselves in 15 seconds for a body change.

The welded bodies are carried by AGVs to measuring boxes for dimensional checks, before going on to more conventional assembly operations, where the bulk of the workforce is employed.

Increasingly, component "modules" are being used at Emden. For instance, a complete engine/front suspension assembly, put together away from the two production lines, is installed as a unit. This concept is pursued still more aggressively by Fiat at Cassino.

Emden has received its latest facilities, at a cost of DM 1.2bn (£400m), as part of VW's Plan 2000 to install flexible equipment with a 20-year life – but also capable of being amortised over only three years.

Cassino's revamped facilities have absorbed much of the $1.7bn which Fiat has spent bringing the Tipo hatchback into production. The plant represents a spectacular advance in both computer-integrated and "modular" production of cars. It also incorporates "world firsts" in the form of an automated thermoplastic moulding line, which produces plastic hatchbacks for the Tipo in less than a minute, and continuous laser welding of seams, which strengthen the car's structure much more effectively than spot welds.

The design and engineering of the Tipo – and the "Type Three" replacement for the Regata – has been integrated with the production process from start to finish, including final quality checks and the filling of the fuel tank by robots.

On the assembly line, only the area of wiring and trim shows any significant sign of human activity – it is described as "the last frontier". According to the company, 40 per cent of final assembly is automated.

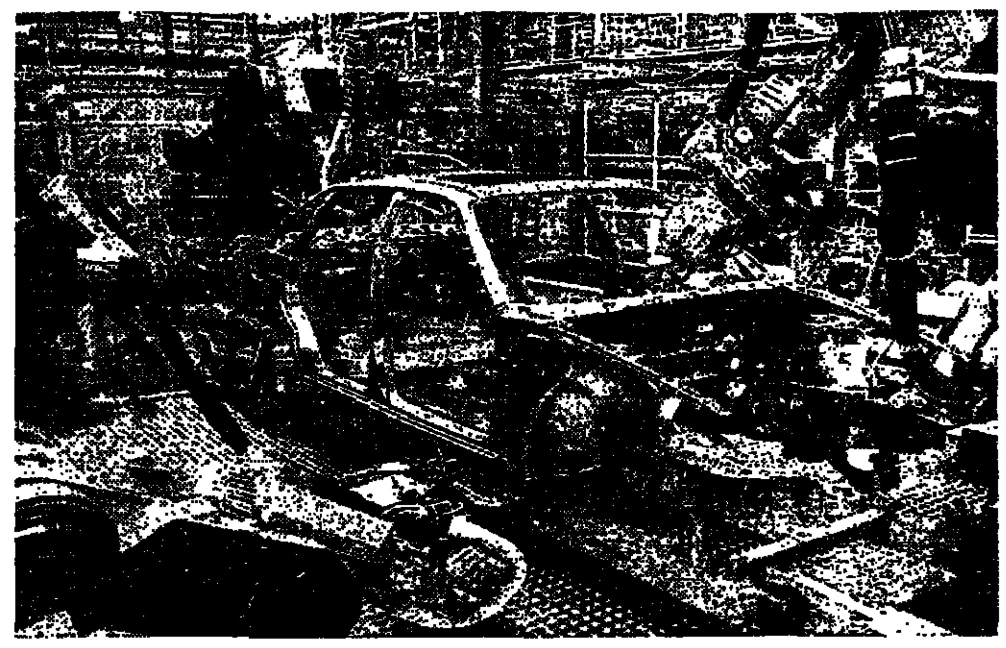
Otherwise, the 14 main modules, all of which are put together off-line, are installed in the Robogate-assembled bodies almost entirely by robots, of which there are 439. Robots assemble the front and rear sub-frames, engines, transmissions, suspension, steering and wheel hubs, bring them together as one unit and then introduce this to the body on the line. Front and rear screens and even the head-lining is installed as a single piece by "seeing" robots.

Dimensional checks are automated. There is even a visual check that all the dashboard's instruments are working, carried out by a stork-like, one-eyed robot. Visitors watch its slow, curious peerings into each instrument with a hypnotic fascination.

As with Emden, Cassino has been designed so that new models can be introduced with relatively little new investment in equipment. The only vestige of Cassino's earlier production systems is the much more labour-intensive Regata line, which is being wound down.

A prime motivation behind the Cassino operation is to allow the best quality to be built in and checked at every stage of assembly.

Another is to extend the concept of an "integrated" factory to include pre- and post-production management and logistics operations. Area supervisors are in touch with both the central management system and the mass of robots, individual machines and workstations of the physical production process. By this means are controlled: 109 computers, 500 terminals for industrial graphics displays and programmed labour control, 439 robots, 61 lasers, 49 "sighted" assembly systems and 750 AGVs.



Robotic equipment at work on a VW Passat at Emden

Yet while Fiat can claim, with probable justification, that the Cassino plant, producing 270,000 Tipo hatchbacks and 50,000 Regata saloons annually, is the world's most automated car assembly plant, it still employs 7,000.

Of these, some 1,300 are employed in specialised systems activities, 1,000 in overseeing body welding, another 1,000 in paint operations, 500 in the press shop and plastics forming and between 800 and 900 in other supervisory roles. That leaves about 2,300 in final assembly.

Even when the Regata is phased out, Franco Canna, the plant director, does not expect employment to fall significantly because the Type Three is expected to increase Cassino's output to its full capacity of 400,000 units a year.

Fiat has made clear its belief that European workers cannot, and should not, be expected to match the work obsession of Japanese employees. As a consequence, it sees salvation from the Japanese threat lying in smaller workforces and increased automation.

However, by 1993, Nissan Motor Manufacturing UK plans to produce two distinct ranges, at a total volume of 200,000 units a year, including body pressings and an engine plant, with 3,500 workers. By the late 1990s, it is expected to increase this to 400,000 cars a year, spread over three models, with a workforce which seasoned industry observers, such as Garel Rhys of the Cardiff Business School, say is unlikely to exceed 5,000.

At Emden, even the new processes involve employing more than 10,000 to build 200,000 cars a year.

Confronted with the Nissan numbers and similar estimates for Toyota's intended UK and Continental plants, neither Fiat nor VW appear able, or willing, to come up with any answers concerning plant and labour organisation which explain how the gap is to be bridged.

During questioning, both Canna and Emden's production director, Gunter Hartwich, confined themselves to broad expressions of confidence that ways would be found to match Japanese productivity.

Old rivalries sharpened by advances in machine tools

"MAXIMUM productivity and minimum costs can be achieved only by investing in advanced manufacturing technology," says Lothar Hoffmeister, a director of the West German machine tool builders' association (VDW). "Producers who fail to respond to this will rapidly sacrifice their competitiveness."

His view, expounded in an interview with the FT, is that manufacturers are turning to computer-controlled machines and machining centres, on the one hand, and flexible manufacturing cells, manufacturing systems and transfer lines, on the other.

"As a consequence of growing cost pressure, declining batch sizes and shorter product lives, companies are increasingly being forced to rationalise their product ranges. They have no other option but to install highly sophisticated manufacturing equipment," he continues.

It is hardly surprising that Hoffmeister should direct his comments at the customers which the VDW and other machine tool associations hope will continue to buy costly chunks of equipment, keeping their shop floors busy.

Yet he acknowledges the installation problems. "The progression from conventional machining procedures to computer-aided and computer-integrated manufacturing is long and difficult. This places major demands on producers and users alike, as a high level of investment and risk is involved."

The VDW is well placed to monitor trends in the use of machines which can cope with product variation through such techniques as rapid tool changing and automatic process control. The 400 West German builders of complete machines accounted for 18 per cent of world production last year, second only to Japan. German companies were the biggest exporters, with almost 24 per cent of world trade.

What is of just as much interest to Hoffmeister, however, is the way machine tool supply around the world is becoming stratified on the basis of technology.

"More newly industrialised countries are trying to meet their needs for machinery from domestic sources and, at the same time, are attempting to sell their products on world markets," says Hoffmeister.

"Established suppliers in Europe, Japan and the US have responded to this by modifying their product ranges. In other words, they have almost withdrawn from the market for standard machines in order to concentrate on advanced machinery and manufacturing systems."

Three questions arise from this:

● At what speed will low-cost producers emerge as serious competitors to the makers of higher specification machines?

This is happening more quickly than the Europeans expected. Already, the South Koreans, Taiwanese and some suppliers in Singapore are offering computer-controlled machine tools, including machining centres. "The main reason is that Japanese electrical companies are supplying them with electronic controls and drives" – to keep their own large production facilities busy.

● Will this pose a threat to established producers in Europe and Japan?

"No," says Hoffmeister. But he adds: "It will be a threat to the weaker established producers."

● Is there another battle looming in flexible production equipment between the Japanese and European producers?

The conventional view is that the Japanese will struggle in Europe with supplying flexible manufacturing systems because suppliers need to be close to their customers. Hoffmeister says this still applies, even though some Japanese companies have production sites in Europe.

He describes their arrival as "unfortunate". But the West Germans have tended to begrudge Japan's success at supplying customers with reliable, sophisticated, computer-controlled machining centres at reasonable cost.

Some Japanese suppliers, such as Makino, offer flexible manufacturing cells which incorporate more than one machine linked by computer. However, Hoffmeister says that there is a philosophical difference between the Japanese and the Europeans in the supply and use of systems as against complicated stand-alone machines.

"The Japanese do not appear strong in this field of flexible systems. They do not see a real future in systems. Instead they are going in for multi-purpose high technology machine tools," he says.

Which philosophy will prove the stronger? "That is not yet known."

Nick Garnett

COMMODITIES AND AGRICULTURE

Yeutter predicts continuing grain sales to China

By Nancy Dunne in Washington

MR CLAYTON Yeutter, the US Agriculture Secretary, yesterday predicted that American grain sales to China would continue, despite the government crackdown on Chinese protesters, and he implied that subsidies may also be continued.

"There could well be some disruption of economic activity, of course – that's inevitable to some degree in that kind of political turmoil," he said during a speech to the American Seed Association. "But I doubt that it's going to have a significant effect on trading patterns between the two countries."

The question of continuing subsidies to China is a separate issue, to be considered on a case by case basis. However, Mr Yeutter concluded: "If you lump all this together, I don't really see any significant adverse impact on agricultural trade relationships."

In past years, most of China's US wheat purchases have fallen under the Export Enhancement subsidy programme. However, this year, more sales have been on commercial terms.

Since January China has bought 2.1m tonnes of subsidised wheat and 2.9m tonnes at commercial prices. It has in reserve an offer for 910.000 tonnes more under the EEP, which is likely to be used as wheat prices fall.

In the ongoing Uruguay Round negotiations over agriculture trade, he said, if all goes to schedule, the rest of this year will be devoted to laying out definitive negotiating positions.

"Then the blood start to flow next year," he said.

"Most of 1990 will be a rather brutal negotiation on agriculture and some other items as well."

He said pressure must be kept on the EC "so that there's a price to be paid for undisciplined conduct both during the negotiations and a price that they believe will have to be paid later, if these negotiations do not succeed.

"If we negotiate skilfully, apply a lot of leverage and do everything we can to generate attention to the cost of these programmes in Europe and elsewhere, hopefully we'll be able to make significant progress," the agriculture secrtetary said.

World fish trade keeps pace with rise in catch

By Bridget Bloom, Agriculture Correspondent

ALTHOUGH THE total world fish catch has nearly doubled in the past 25 years, from 46m tonnes in 1963 to around 85m tonnes, the proportion entering world trade has remained stable at about one third.

However, according to a new fisheries report from the OECD, the composition of world trade has changed notably in that time, reflecting, among other factors, the extensive introduction of stock management, extended jurisdiction over fish resources and the development of new fisheries and fish products.

Total world exports of fresh and chilled or frozen fish increased from around 1.4m tonnes in 1963 to 5.2m tonnes in 1985, the report notes. Exports of fresh, chilled, dried or salted crustaceans and molluscs increased even more, from around 240,000 tonnes to 1.63m tonnes in the same period.

More countries have entered world trade, with developing countries' share of total exports (including oils, fats and meal) increasing from 34 per cent to 42 per cent. In value terms, the rise was even more striking, from 25 per cent to almost 45 per cent.

In 1986, the report says, total exports from the OECD member countries amounted to $10.8m in 1986, an increase of 30 per cent over 1985. OECD member states accounted for about 85 per cent of total world imports by value, the largest markets being the European Community, Japan and the US.

The report notes that trade patterns are changing due to coastal states' rights under the new regime of the sea to explore and exploit fishery resources within 200 miles.

However, it says that there remains different views among member states as to the effect of the new regime on freeing world fisheries trade.

It notes particularly that "non-tariff measures are being used as a means of both restricting imports and promoting exports". Many different kinds of non-tariff barriers are used, including licensing, global import quotas and import prohibitions, administrative measures, export subsidies and export promotion activities.

Fisheries Issues. Trade and Access to Resources. OECD Paris 1989

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	−125	to 119,225
Copper	−2,325	to 82,525
Lead	−525	to 35,575
Nickel	−72	to 2,190
Zinc	−275	to 28,825
Tin	+1,235	to 1,640
Silver (oz).	−1,130,000	to 7,976,000

The unwanted side-effects of set-aside

Why schemes to take farming land out of production should be quickly reversible

FARMER'S VIEWPOINT

By David Richardson

A BREEZE wafts over a sea of red. Millions of delicate translucent petals sway gently, now absorbing, then reflecting shafts of sunlight. Motorists slow down to admire the unaccustomed sight. Photographers arrive in droves.

For this is the age of set-aside and the field full of poppies on the southern outskirts of Norwich is one of its most dramatic manifestations. Untouched by cultivation machinery since last autumn, the land has naturally produced its colourful crop and earned its owner £80 an acre into the bargain.

Last year 1,830 of Britain's farmers signed up to set a minimum of 20 per cent of their land aside for five years – in other words not to plant crops on it during that time – in response to the Government's offer of £80 an acre to compensate them for loss of income. The idea was to cut the production of surplus cereals.

A total of 143,000 acres, about 1.3 per cent of UK arable land, was put into the scheme in 1988 and the Ministry of Agriculture has recently invited applications for the current crop year. As arable farm margins continue to suffer under the twin burdens of price pressure and adverse weather there is little doubt that many more farmers will give it serious consideration.

But most will do so with some reluctance. The last 40 years have, after all, been devoted, among other things, to the attempted elimination of the ubiquitous red weed by a whole range of cultivations and chemical herbicides. The field near Norwich proves how futile those efforts have been – and how exaggerated were the claims of conservationists that sprays would destroy all wild flowers.

Walk on to any of those fields that have been set aside for just ten months and you will witness evidence of the rule that nature abhors a vacuum. Land which was cultivated and sprayed for generations with the express purpose of controlling weeds undesirable in arable crops is now growing them in profusion.

Creeping thistles thrive; stinking mayweed spreads; sterile brome, the bane of cereal growers' lives, grows uncontrolled; and the common poppy, capable of producing over 400 flowers from a single plant, has never had it so good.

But among the wild flowers and grasses there are also self-sown cereals grown from seeds spilled last harvest. Those plants were hosts to fungal diseases through the winter and became the focus for spring infection of nearby crops of wheat and barley with yellow rust and mildew.

Aphids also survived undisturbed on such fields through the mild winter and they too have now moved to damage this year's crops. Later in the year weed seeds from set aside fields will be blown around the countryside or spread by birds and animals.

Those fields of poppies and the like may look attractive to the layman and make pretty pictures but they are not so popular with neighbouring farmers still trying to grow economic crops.

Nevertheless, the Government continues to advocate set-aside and the Countryside Commission has just added to it by offering further compensation to farmers across seven East Anglian counties who manage their uncropped land to approved conservation standards.

Called the Countryside Premium, the new scheme will for instance pay up to £45 an acre per year for five years in addition to the existing £80 an acre for set-aside to farmers who agreed to create areas of native grassland and allow the public free access to them.

Smaller payments will be made for other activities such as the planting of wooded margins to fields (£34 an acre); managing a wildlife fallow suitable for ground nesting birds (£45 an acre) and so on.

On the face of it the combination of the set-aside and Countryside Premium payments begin to make "farming the subsidy" look quite attractive. Indeed, if both payments could be guaranteed in full on all land, a total return of £128 per acre would in theory make it worthwhile to buy bare land at £1 200 per acre (there is plenty available at that in an oversupplied market) and take the Government's money. The yield in excess of 10 per cent would, I believe, be quite competitive.

It is not as simple as that of course. The management of the conservation areas will swallow up a large proportion of the premium payments; the Countryside Commission will only allow suitable land into the scheme and the Government has allocated a mere £400,000 for 1989-90 and £650,000 for 1990-91.

That simple calculation, however, does put the current perceived value of not growing crops into perspective. It also appears to confirm the Government's unshakeable conviction that food surpluses are inevitable in the future if it does not press ahead with semi-permanent schemes to cut production.

I do not share that confidence. As I look at this year's UK cereal crops dying in the sun and likely to yield at least 20 per cent less than was forecast a month ago even if it rains for the rest of the summer; as I read reports of similar conditions across the whole of northern Europe; and as I study statistics which indicate an inexorable rise in demand for food and a steady decline in world stocks (and that remains true in spite of recent rain in the US) I fear that the biggest problem over the next few years and probably beyond will not be food surplus but food shortage.

At the very least, it seems to me schemes to take land out of production to deal with what may be a temporary problem should be quickly reversible. I am not convinced that current projections take that possibility seriously.

Far more likely, it seems to me that the Ministry of Agriculture and the Countryside Commission will be overwhelmed with requests from farmers who see opting out of production for five years assisted by increasingly generous compensation as their most viable option. Many will not stop at 20 per cent of their acreage as have two-thirds of the present participants in the scheme. They will dismiss all their workers and put whole farms down to set-aside.

I cannot help wondering if the poppies of the future will look quite as pretty to people who may well have spent the previous few hours queuing for potatoes.

Coffee price slides to 9½-month low

By Richard Mooney

DEEPENING GLOOM about the outlook for the International Coffee Agreement sent prices for the commodity down to 9½-month lows on the London Futures and Options Exchange (Fox) yesterday.

The collapse two weeks ago of the latest despairing attempt to save the beleaguered price-stabilisation pact was widely regarded as having sealed the agreement's fate and left traders contemplating the prospect of a free-for-all in the market after the current pact's scheduled expiry on September 31.

Producers and consumers have been at loggerheads over two issues: the so-called two-tier market, in which importers outside the agreement can obtain coffee for up to 50 per cent less than the price charged to members; and the imbalance of export quotas between the mild arabica types and the less favoured robustas. And with the producers squabbling among themselves over market shares any hope of negotiating a replacement pact has long since been abandoned.

After this month's abortive meeting even the prospect of agreeing an extension to the present accord had been more or less discounted.

So it appeared that the ICA had less than four months to live – in any economically meaningful form. It now appears, however, that the life support sytem could be switched off even earlier.

International Coffee Organisation delegates are to reconvene in London next Monday to have one last try for agreement on a pact extension, or, if that fails, to vote on whether the accord should be extended without economic clauses (i.e. with no quota system). And dealers were saying yesterday that in the event of failure Colombia – the world's second biggest coffee producer, after Brazil – was likely to press for the immediate abandonment of export quota restrictions, rather than waiting for the official expiry date.

That resulted in a fresh bout of selling which left the September futures position in London at £1,043 a tonne, down £41 on the day.

Central banks urged to take more interest in gold

By David Blackwell in Lugano

FT CONFERENCE GOLD

A CALL for central banks to take a more active role in the gold market was made yesterday by Mr Robert Guy, director of N M Rothschild's treasury and bullion division, in his opening address to the Financial Times World Gold Conference in Lugano.

Mr Guy, who is also chairman of the London Bullion Market Association, described the central banks as "indifferent" to gold.

"If central bankers were subject to the same discipline as commercial gold fund managers most of them would have been sacked by now. Their gold assets have been withering on the branch," he said.

Reserves were not the property of government or central banks, he said, but of the taxpayer. They demanded active and professional management. Why should central banks not accumulate additional reserves at times of price weakness such as now, he asked?

This was one of four suggestions he put forward on how the health and reputation of the world gold market could be improved. He also called for lobbying of the EC to stop discriminating against gold as an investment; harder work on improving the efficiency and standards of the market place; and realisation that most gold market participants had a vested interest in a higher price.

Mr Guy pointed out that 1992 would provide the opportunity for change – the gold market must start now to lobby hard for the abolition of VAT on gold. He noted that virtually all the major wholesale coin operations in London had closed down. He said the cost to the EC of VAT fraud during the 1980s had been several hundred million dollars. High taxation was detrimental to both the jewellery and bullion coin industry.

Mr Brian Marber, director of his own foreign exchange and precious metals consultancy in London, said that according to his technical analysis of the market, gold's current bear phase would end on Friday if the London afternoon fix was above $383 an ounce. But that did not necessarily mean the price would immediately rise sharply, he said. He also found it hard to reconcile the possible end of the bear market with his bullish attitude to the dollar, especially against the Deutsche mark.

In the short term, the price was still below the moving one year average of just over $400 an ounce, and could still get stuck in the 360-375 dollar narrow range.

Mr George Milling-Stanley, senior gold analyst with Consolidated Gold Fields, said demand for gold was currently outstripping mine supply, and that at current prices the potential for further falls was limited by continued high levels of demand from the Far East. He predicted $350 to $500 an ounce over the next two to three years.

The main factors in bridging the 468-tonne gap between supply and demand last year, he said, were forward sales and gold loans – in which miners finance investment with receipts from sales of borrowed gold, to be repaid ounce-for-ounce out of future production.

In addition to the rise in gold loans, mine production had reached a record 1,638 tonnes, booming jewellery demand had pushed overall demand to a record 2,318 tonnes, and gold investment outside Europe and North American had also hit record levels.

Mr Urs Seiler, senior vice president with the Union Bank of Switzerland, said it was unlikely that gold loans would continue at the same rate of growth as over the past two years. In the short term, the loans had been and would continue to be bearish on the gold price – but from a longer term perspective "the hedging and financing activity is not so bearish as the future production has already been largely absorbed by the market."

Mr Bryan Parker, of the World Gold Council, said that if the 1970s were the era of the gold investor and the 1980s the era of the miner, the 1990s could become the era of the gold consumer. He pointed out that gold jewellery's dominant position as the major consumer of non-communist world mine output had helped to underpin prices. It soaked up 1,500 tonnes or 80 per cent of Western mine supplies last year.

Mr Tom Main, chief executive of the Chamber Mines of South Africa, said the South African industry faced several problems, including the declining dollar price of gold, double figure inflation and political uncertainty. During the past 15 years South Africa's share of the Western world output had fallen from 75 per cent to 40 per cent.

However, doubts about the life expectancy of the booming gold mining industries in North America and Australia led to speculation that "the current production boom will be short lived, and the focus of gold mining will eventually return to South Africa."

WORLD COMMODITIES PRICES

LONDON MARKETS

CONCERN ABOUT the low level of London Metal Exchange warehouse stocks boosted the cash zinc price yesterday, although the underlying market tone was dull. While the three months position for high grade zinc closed only $6.50 up from Friday's level at $1,510 a tonne, last week's 275-tonne stocks fall to 28,825 tonnes helped the cash quotation to gain $42.50 to $1,590 a tonne. Demand for cash metal was also evident in the lead market, where the prompt position rose £18 to £437 a tonne, widening the premium over the three months price from £13.50 to £24.50 a tonne. The lead market is continuing to react to the failure of LME stocks to build up during the spring – traditionally the "off-season" for lead buying. That has left the exchange's reserves at an uncomfortably low level. Yesterday they fell 625 tonnes to 35,575 tonnes.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.45-5.60w	+0.25
Brent Blend	$18.00-0.10v	+0.10
W.T.I. (1 pm est)	$20.10-0.15w	+0.56
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$218-220	+12
Gas Oil	$145-146	+2
Heavy Fuel Oil	$89-91	
Naphtha	$164-167	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$375.5	+4.25
Silver (per troy oz)♣	534c	+7
Platinum (per troy oz)	$508.25	+3.4
Palladium (per troy oz)	$154.00	+0.5
Aluminium (free market)	$1885	-10
Copper (US Producer)	114⅝-118c	
Lead (US Producer)	38.5c	
Nickel (free market)	545c	+5
Tin (European free market)	$10037.5	-137.5
Tin (Kuala Lumpur market)	26.30r	-0.09
Tin (New York)	464.5c	-1.0
Zinc (US Prime Western)	80⅞c	
Cattle (live weight)†	119.08p	+0.44*
Sheep (dead weight)†	173.11p	-2.88*
Pigs (live weight)†	84.89p	-2.52*
London daily sugar (raw)	$336.6x	-6.4
London daily sugar (white)	$423x	-4.0
Tate and Lyle export price	£331.0	-4.5
Barley (English feed)	£105.5w	
Maize (US No. 3 yellow)	£131.5	-0.5
Wheat (US Dark Northern)	£132.5u	+0.5
Rubber (spot)♥	60.50p	+0.50
Rubber (Aug)♥	65.25p	
Rubber (Sep)♥	66.00p	
Rubber (KL RSS No 1 Jul)	264.5m	-1.0
Coconut oil (Philippines)§	$562.5x	
Palm Oil (Malaysian)§	$380	
Copra (Philippines)§	$355	
Soyabeans (US)	£207	+2
Cotton "A" index	80.4c	
Wooltops (64s Super)	624p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Jul. u-Jun/Jul. x-Jul/Aug. w-Aug. z-Aug/Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Jul	833	817	835 824
Sep	856	837	858 845
Dec	910	895	915 899
Mar	896	879	902 887
May	906	887	910 896
Jul	918	900	926 916
Sep	937	917	940 928

Turnover:5784 (3741) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 26 1035.56 (1023.08) :10 day average for Jun 27 1016.43 (1013.12)

COFFEE £/tonne

	Close	Previous	High/Low
Jul	1066	1109	1102 1085
Sep	1043	1084	1061 1043
Nov	1038	1080	1065 1035
Jan	1046	1090	1079 1045
Mar	1061	1096	1090 1058
May	1078	1113	1091

Turnover:5321 (2211) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 23: Comp. daily 101.62 (102.62) . 15 day average 105.77 (106.82)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Aug	305.00	305.00	305.80 300.00
Oct	306.00	304.20	307.00 299.00
Dec	295.20	290.00	289.00
Mar	287.40	284.80	285.00 281.00
May	284.40	283.00	281.00
Aug	280.00	280.80	
Oct	272.80	274.00	269.00
White	**Close**	**Previous**	**High/Low**
Aug	418.00	412.00	416.00 410.00
Oct	373.50	371.00	373.00 367.00
Dec	363.50	361.00	
Mar	349.00	346.00	348.00 345.00
May	347.00		346.00 343.00
Aug	345.00		343.00
Oct	342.00		340.00

Turnover. Raw 4931 (7284)lots of 50 tonnes. White 1341 (1997).
Paris- White (FFr per tonne): Aug 2750 Oct 2448, Dec 2378, Mar 2310, May 2305, Aug 2300, Oct 2170.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Aug	17.35	17.22	17.47 17.31
Sep	17.10	16.90	17.15 17.02
Oct	16.87	16.73	16.90 16.85
IPE Index	17.28	16.83	

Turnover: 5679 (4793)

GAS OIL $/tonne

	Close	Previous	High/Low
Jul	144.25	142.50	145.25 143.25
Aug	144.50	142.75	145.25 143.25
Sep	145.25	144.00	146.25 144.50
Oct	147.00	145.75	148.00 146.50
Nov	148.50	147.75	149.50 148.00
Dec	149.50	149.50	150.00 148.50

Turnover 5635 (9184)lots of 100 tonnes

TEA
There were 15,580 packages on offer in this week's sale, including 3,800 in the offshore section, reports the Tea Brokers' Association. There was strong general demand with bright liquoring teas fully firm and mediums dearer by 2-4p. Central Africans proved a strong feature and prices advanced by 3-8p. Ceylons were well supported but prices tended to be irregular following quality. The offshore auction comprised central African teas which attracted good competition at fully firm and sometimes appreciably dearer rates. Quotations: quality 195p (195p), medium 127p (125p), low medium 100p (97p).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 18,775 tonne
Cash	1863-5	1905-10	1881/1880	1880-1		
3 months	1833-5	1855-7	1855/1830	1847-50	1837-40	33,788 lots
Copper, Grade A (£ per tonne)						Ring turnover 16,725 tonne
Cash	1630-2	1620-2	1641/1639	1637-8		
3 months	1617-8	1601-2	1628/1615	1617-8	1618-9	76,291 lots
Lead (£ per tonne)						Ring turnover 12,800 tonne
Cash	436-8	418-20	439/435	436-8		
3 months	412-3	405-6	414/406	413-4	411-2	9,866 lots
Nickel ($ per tonne)						Ring turnover 1,400 tonne
Cash	11850-950	12350-450	12200/11900	11875-925		
3 months	11150-250	11375-400	11250/11100	11225-50	11100-50	6,763 lots
Tin ($ per tonne)						Ring turnover 1,475 tonne
July 3	10050-60	10070-90		10020-30		
3 months	9950-1000	9950-10000	10000/9950	9960-80	9970-10000	1,658 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 10,850 tonne
Cash	1740-5	1680-90	1810/1740	1790-800		
3 months	1585-90	1550-5	1615/1585	1605-10	1590-5	10,889 lots
Zinc ($ per tonne)						Ring turnover 10,675 tonne
Cash	1585-95	1545-60		1600-10		
3 months	1505-15	1502-5	1530/1500	1528-30	1505-15	9,196 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	105.0	127.0	115.0 105.0
Feb	120.0	145.0	
Apr	174.0	207.0	191.0 172.5
May	193.0	230.0	197.0 193.0

Turnover 1091 (1000) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Aug	156.00	157.00	158.00 156.00
Dec	149.00	151.00	149.00
Aug	158.00		

Turnover 58 (168) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Jun	1391	1384	
Jul	1345	1336	1350 1340
Oct	1480	1476	1485 1480
Jan	1530	1524	1530 1520
Apr	1553	1552	
BFI	1399	1399	

Turnover 116 (112)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	106.25	107.25	106.25
Nov	109.15	110.15	109.25 109.00
Jan	113.10	114.10	113.10 113.00
Mar	116.20	117.15	116.25
May	119.75	120.65	119.75 119.65
Barley	**Close**	**Previous**	**High/Low**
Sep	104.10	104.65	104.45
Nov	108.10	108.65	108.25 108.10
Jan	111.30	111.85	

Turnover: Wheat 155 (139), Barley 10 (38).
Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	114.0	114.5	
Aug	111.0	111.0	
Oct	115.0	115.0	114.5
Nov	116.0	116.0	115.5
Feb	109.0	108.7	

Turnover 10 (40) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	375¼-375¾	243-243½
Opening	374¾-375¼	241¾-241¾
Morning fix	378.3	241.808
Afternoon fix	374.7	242.603
Day's high	376¾-377¼	
Day's low	374¼-374¾	
Coins	**$ price**	**£ equivalent**
Maple leaf	386-391	250-253
Britannia	386-391	250-253
US Eagle	386-391	250-253
Angel	384-389	248½-252
Krugerrand	375-378	242¾-244¾
New Sov.	87¾-88¾	56¾-57½
Old Sov.	87¾-88¾	56¾-57½
Noble Plat	510.55-518.85	329.4-334.6

Silver fix	p/fine oz	US cts equiv
Spot	353.75	531.30
3 months	363.45	543.70
6 months	360.45	556.00
12 months	390.45	579.80

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1800	85	92	10	54
1900	25	47	50	107
2000	4	21	128	179
Copper (Grade A)	**Calls**		**Puts**	
2350	176	180	4	56
2450	83	134	20	107
2550	37	80	64	151

LONDON FOX TRADED OPTIONS

Coffee	Sep	Nov	Sep	Nov
1050	69	81	76	93
1100	49	65	105	127
1150	34	49	141	161
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
800	67	126	11	17
850	36	91	30	32
900	16	62	60	53

US MARKETS

In the metals, prices drifted lower on speculation that the federal reserve may delay any easing in money policy, reports Drexel Burnham Lambert. Gold and platinum had scattered selling while commission house and fund switching was featured in the silver. Copper trading had fund selling sinking prices 105. In the softs, trade selling elected stop orders in sugar as prices bottomed at 1348 before closing near the unchanged level. Cocoa was firm from trade activity. Negative ICO talks depressed the coffee market. Most of the grains were lower as upcoming rain in the mid-west weighed on the markets. Wheat futures managed to rally on Soviet tender activity over the weekend. The livestocks all advanced as Friday's cold storage report lifted the markets. Pork bellies posted the largest gain as the July contract was up 188. The energy complex was higher from technical buying. Prices closed over the $20 level, basis August. Cotton prices rallied from commission house buying on first notice day in July.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Jun	375.1	378.5	378.0 376.0
Jul	376.1	379.7	377.8 377.8
Aug	378.3	381.8	381.1 377.1
Oct	382.4	385.8	385.0 381.2
Dec	386.8	390.0	389.5 385.5
Feb	390.7	394.1	392.9 388.5
Apr	394.9	398.4	0 0
Jun	399.1	402.7	402.0 400.0
Aug	403.3	407.0	0 0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Jul	512.1	516.6	514.5 508.0
Oct	514.8	519.3	517.0 510.5
Jan	518.3	521.0	517.5 513.0
Apr	519.8	524.5	520.5 518.0
Jul	523.5	528.2	522.0 522.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Jun	530.5	533.0	528.0 522.0
Jul	531.2	535.3	536.0 525.0
Aug	535.5	539.3	536.0 536.0
Sep	540.5	545.1	546.0 536.0
Dec	553.5	558.4	558.0 547.0
Jan	557.0	559.3	0 0
Mar	565.4	567.7	565.0 562.5
May	573.8	576.2	574.0 573.5
Jul	582.6	584.9	582.4 582.0
Sep	591.4	593.7	0 0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Jun	107.85	108.60	109.00 107.60
Jul	107.65	108.70	110.00 107.30
Aug	107.35	108.05	0 0
Sep	105.80	108.30	108.90 105.60
Dec	103.20	106.00	106.00 103.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low
Aug	20.17	19.71	20.21 19.78
Sep	19.27	18.85	19.30 18.98
Oct	18.72	18.51	18.76 18.48
Nov	18.37	18.20	18.41 18.19
Dec	18.14	17.99	18.15 18.00
Jan	17.95	17.84	17.98 17.84
Feb	17.77	17.74	17.88 17.75
Mar	17.68	17.66	17.83 17.65
Apr	17.65	17.60	17.65 17.60
May	17.55	17.55	17.59 17.55

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low
Jul	4970	4846	5005 4915
Aug	5000	4880	5035 4945
Sep	5085	4965	5125 4995
Oct	5135	5125	5160 5095
Nov	5225	5162	5230 5165
Dec	5270	5215	5280 5220
Feb	5160	5095	5160 5160

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
Jul	1220	1209	1230 1203
Sep	1240	1228	1248 1227
Dec	1270	1257	1278 1257
Mar	1276	1277	1285 1266
May	1280	1276	1285 1286
Jul	1292	1284	1290 1286
Sep	1311	1315	1312 1308

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Jul	111.00	117.05	115.00 110.50
Sep	105.81	110.64	108.40 105.05
Dec	104.66	109.74	107.00 104.90
Mar	105.48	107.88	105.00 105.00
May	105.95	109.90	107.00 105.00
Jul	108.88	116.35	108.00 108.00
Sep	108.00	111.13	110.00 108.80
Dec	105.00	108.00	0 0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
Jul	13.69	13.72	13.70 13.48
Oct	13.09	13.69	13.72 13.49
Jan	12.80	12.90	0 0
Mar	12.90	12.81	12.84 12.68
May	12.77	12.66	12.75 12.60
Jul	12.60	12.63	12.60 12.60
Oct	12.30	12.57	12.45 12.30

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
Jul	67.20	66.87	68.10 66.87
Oct	70.18	69.55	70.85 69.80
Dec	70.49	69.80	71.57 70.75
Mar	71.18	70.52	72.00 71.30
May	71.91	71.20	72.70 71.70
Jul	71.93	71.35	72.45 72.00
Oct	67.90	67.00	68.15 67.60

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
Jul	166.00	161.90	167.90 161.90
Sep	173.55	168.55	175.20 169.00
Nov	162.85	157.85	162.85 158.50
Jan	157.25	153.25	157.25 153.25
Mar	156.60	152.65	156.50 154.50
May	156.80	152.05	0 0
Jul	155.80	152.05	0 0
Sep	155.80	152.05	0 0

INDICES

REUTERS (Base: September 18 1931 = 100)

June 23	June 22	mnth ago	yr ago
2007.9	2024.8	2009.5	1976.8

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	133.65	133.61	133.69	139.77
Futures	132.66	132.44	133.74	141.89

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Jul	731/0	731/0	732/0 717/4
Aug	686/0	704/0	700/0 687/4
Sep	652/0	664/0	653/4 643/0
Nov	633/4	645/4	636/0 624/0
Jan	641/4	650/6	642/4 632/0
Mar	649/4	661/0	651/0 640/0
May	654/4	665/0	655/0 644/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Jul	20.44	20.75	20.50 20.33
Aug	20.36	20.96	20.70 20.53
Sep	20.60	21.15	20.65 20.58
Oct	20.89	21.30	21.00 20.85
Dec	21.20	21.55	21.25 21.05
Jan	21.20	21.62	21.30 21.15
Mar	21.46	21.80	21.70 21.45
May	21.57	21.95	21.82 21.57

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
Jul	217.3	219.2	217.5 214.1
Aug	206.7	211.2	208.0 205.0
Sep	200.7	205.5	201.0 198.0
Oct	192.2	198.7	192.5 189.5
Dec	189.7	191.5	190.0 187.5
Jan	188.0	193.2	189.0 186.0
Mar	188.0	193.2	189.5 187.0
May	187.2	192.5	187.0 187.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Jul	257/6	262/0	259/4 253/4
Sep	244/2	251/4	247/0 243/0
Dec	240/4	247/0	242/4 238/0
Mar	249/6	255/4	250/0 245/6
May	255/2	260/4	253/0 250/4
Jul	245/2	257/6	253/0 248/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
Jul	401/0	397/4	408/0 389/0
Sep	404/0	401/0	409/0 401/0
Dec	418/2	414/4	419/4 414/0
Mar	415/4	416/0	418/0 411/0
May	404/0	407/0	421/0 415/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Jun	70.80	69.67	70.80 69.75
Aug	71.50	71.02	71.60 70.60
Oct	73.30	72.70	73.35 72.60
Dec	73.67	73.17	73.80 73.05
Feb	72.02	72.00	72.20 71.90
Apr	72.82	72.36	72.85 72.30
Jun	71.45	71.80	71.80 71.20

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Jul	48.97	46.67	50.30 48.75
Aug	46.95	45.35	46.55 45.05
Oct	44.35	44.22	44.52 43.95
Dec	46.60	46.30	46.82 46.30
Feb	47.55	47.65	47.80 47.15
Apr	44.35	44.40	44.70 44.15
Jun	48.37	48.22	48.70 48.30

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low
Jul	55.55	53.67	55.80 54.20
Aug	53.35	51.77	53.72 52.32
Feb	51.50	49.85	51.80 50.80
Mar	51.00	49.80	51.80 50.80
May	51.00	50.30	51.00 50.50
Aug	50.50	48.70	50.50 48.75

LONDON STOCK EXCHANGE

Equities remain firm as pound slides

THE UK stock market continued to stand resolutely firm yesterday as the pound fell through the highly sensitive 90 level on the sterling exchange rate index and City analysts grew increasingly nervous ahead of today's announcement of the UK trade figures for last month. With dollar-earning stocks buoyed both by firmness in the US currency and Friday's strong performance on Wall Street, the London stock market brushed off worries about domestic interest rates to open the second leg of the trading Account in good heart.

Turnover was fairly low, but once again there was no sign of selling by the major investment institutions. Equity markets were waiting for definitive news from the European Community summit in Madrid. Meanwhile, equity market analysts remained convinced that the UK authorities will do their utmost to avoid any further rise in domestic interest rates.

Account Dealing Dates			
First Dealings:	Jun 19	Jul 3	Jul 17
Option Declarations:	Jun 29	Jul 13	Jul 27
Last Dealings:	Jun 30	Jul 14	Jul 28
Account Day:	Jul 10	Jul 24	Aug 7

*New time dealings may take place from 9.00 am two business days earlier.

Despite the pound's early dip below the 90 mark, before help from the Bank of England temporarily revived its fortunes, equities were firm from the outset. At best, the Footsie Index showed a net gain of more than 14 points, and it was the slow start on Wall Street, rather than sterling's return to below 90 on the sterling exchange rate scale, that took the top off share prices towards the end off the day.

The final reading of 2,179.6 – a net gain of 13.1 on the day – took the FT-SE Index back to levels last seen on May 18, the session before the Index moved to its post Crash peak of 2,204.7.

Seaq volume of 336.8m shares indicated the overall lack of business; on Friday, Seaq reported 490.8m shares traded. Even in the dollar favourites, such as Glaxo and ICI, turnover was moderate and contrasted with the sharp gains in share prices.

Market makers were keeping trading positions tightly trimmed ahead of this morning's announcement of the May trade figures for the UK. Some analysts have raised their projections for the month's deficit on current account; the market concensus has been moving towards a deficit of £2bn, compared with £1.7bn in April.

"Anything above £2bn will be bad news for the equity market," was the general view. Yet, the stock market appeared unmoved yesterday when sterling fell away against the DM and London money market rates moved higher.

Although there were no new developments yesterday, the market remained underpinned by last week's bids of £3.1bn for Consolidated Gold Fields and of around £2bn for Gateway, the food supermarket firm. Gold Fields shares edged higher as the market awaited higher terms from Hanson, but paid little heed to suggestions of a management buyout plan for the mining and industrial group.

US turns seller of Racal

A spate of selling of shares in the Racal duo yesterday afternoon suggested that US investors had joined UK holders in taking a bearish view of last week's proposals to increase competition in the UK personal communications market. Both Racal Electronics and Racal Telecom were hit, turning sharply off on increased turnover, in contrast with an earlier steadiness in both stocks.

Some UK analysts have commented on the implications of the disclosure by Lord Young, UK Trade Minister, of Government plans for the telephone industry, in particular for the earnings outlook at Racal Telecom which has been accorded a very high rating by US securities houses.

"Around two-thirds of Telecom's valuation was based on 1997 cash flow estimates, and these prospects must now be under question," commented one analyst who preferred not to be named.

US selling, despite the dollar's firmness and Wall Street's relative strength, is unsettling for Telecom shares, which are heavily held in the US. At the close, Racal Telecom shares were down 14 at 432p, on turnover of 1.9m, while Racal Electronics lost 14 to 451p with 718,000 shares traded.

..but buyer of Glaxo

Glaxo shares provided one of *the high spots of the day* as last *Friday's* heavy US buying powered the stock ahead 37, before easing by the close to 1423p, an improvement on the day of 31. Turnover was 1.4m shares.

Dealers were also excited by what might be revealed in Thursday's sequence of meetings between the company and City analysts. One trader felt, however, that Glaxo would simply make sure that no profit forecast was too far out from the final figure for the current year. The dollar's improvement against sterling also helped, because Glaxo calculates earnings on the basis of a year-end exchange rate. Several analysts have recently raised their estimates for this reason. The company's year ends this month.

After hours BZW published a profit upgrade for Glaxo on Topic. The new forecast is for £1,005m, against £973m. But Mr Steve Plag, of BZW, emphasised that the change reflected the performance of the company's £1bn in liquid funds at a time of high interest rates, rather than the exchange rate against the dollar.

Tate upgraded

Tate & Lyle, the subject of US stakebuilding speculation in recent weeks, put in a strong performance as investors renewed their interest in the stock following a brokers upgrade. The shares rose confidently to 252p, up a net 12 on turnover of over 3m.

The upgrading comes from Hoare Govett, Tate's broker, following its visit earlier this month to the group's US operations. Mr Richard Workman of Hoare has raised his profit estimates for this year by £10m to £190m, and for year-end September 1990 by a similar amount to £210m. The new forecasts "reflect the strong outlook for Staley [Tate's American corn-sweetening business] coupled with some benefit from the strong US dollar," said Mr Workman.

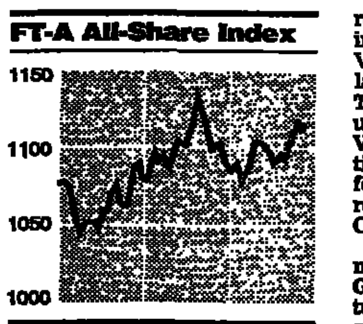
The talk of stakebuilding, inspired by consistently aggressive bidding for Tate stock by US securities house Merrill Lynch, has helped the shares in recent trading, and it is now thought that Archer Daniels Midland (ADM), a rival corn-sweetener to Staley, has built up a near 2 per cent stake. However, analysts believe the stake is a friendly one.

US buyers helped international stocks gain ground. BAT Industries recovered from last *week's fall, sustained when* Hanson's offer for Consolidated Gold Fields removed some of the bid premium. Dealers also said that US demand last Friday night had left American dealers short. BATs closed up 9 at 651p.

Sterling's weakness against the DMark helped ICI climb 15 to 1316p on volume of 1.9m shares, and BOC added 10 at 497p on news of its Tokyo listing.

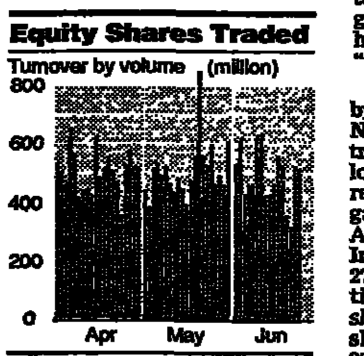
Beecham firmed 4 to 629p as dealers wondered whether stock in SmithKline Beecham, the company to be formed as a result of the merger with SmithKline Beckman of the US, would be included in the Standard & Poor's 500. Once again, there was no trade in the when issued form of the two SKBeecham instruments quoted on Seaq, although dealers marked the price of SKBeecham "A" up 4 at 521p and SKBeecham Equity Units 75 better to 2600p. When the merger is complete the weighting in the FT-SE 100 index will be made up of the prices of the two stocks involving a fivefold multiplication of the number of equity units issued.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Despite some uneasiness over Friday's warning of a sharp fall in profits, Ferranti held steady at 83½p. Bid hopes again provided an underpinning, although Mr Chris Tucker of Kleinwort Benson commented that "any bid would have to be an agreed move."

Courtaulds attracted better inquiry and rose 6 to 346p in volume of 1.7m shares. Mr Lawrence Rubin of Kitcat & Aitken details several reasons for the revived interest. First, the fall in sterling has a dual benefit by enhancing US earnings and making dollar currency related imports less competitive. Second, the string of acquisitions, with a £26.5m US deal announced only last year, positions the group in exciting growth areas. Third, the textiles and acrylic fibres businesses may well be nearing the end of their decline.

Expiry of the waiting period under US anti-trust regulations removed one of the obstacles impeding progress of the Coats Viyella offer for Tootal and the latter's shares rose 2 to 130p. The bid remains *conditional* upon shareholders of Coats Viyella approving the acquisition and the Secretary of State for Trade and Industry not referring it to the Monopolies Commission.

Insurance stocks were mostly little moved, although Guardian Royal Exchange featured with a rise of 5 to 203p in good turnover after securities house BZW rated the stock a "trading buy" below 200p.

Few features were portrayed by first-line building stocks but NSM maintained the better trend established last week following the news of a sharp recovery in profits. The shares gained 5 further to 114p. Among chemicals, Chemoxy International moved up 10 to 271p after the Teesside relocation statement while stock *shortages contributed to* Yorkshire Chemical rising 16 to 353p.

The shares of jewellery retailer Ratners outperformed a dull Stores sector, the stock adding 3 at 248p in the wake of a bullish agm. The institutional visit earlier this month to the group's US subsidiary Sterling was said to have gone down well, and County NatWest WoodMac, the company's broker, suggest 300p as a minimum short-term target.

Vague takeover speculation lifted selected stocks, notably Ward White, up 5 at 314p, and Dixons, up 2½ at 144½p and once again tipped as a target for Kingfisher (steady at 304p). Marks & Spencer attracted some genuine interest, gaining 2 at 102p on turnover of 2.2m shares. Body Shop rallied from the *profit-taking of late last* week to add a further 8 at 706p. Revived bid hopes helped Lambert Howarth post a rise of 8 at 188p.

Interest in Gateway tailed off after the Takeover Panel ordered the two parties in the bid battle, US-backed Newgateway and UK consortium Isosceles, to stop buying shares pending its investigation into the valuation of the Isosceles stub equity. Turnover was well down on recent levels at just 3.1m shares as the price edged higher to 237½p.

Volume was higher in Asda, the supermarket group in which Canadian arbitrageurs the Belzberg brothers have a near 4 per cent interest. The news that the company will announce its preliminary results on July 10 instead of later this week initially created excitement, but a spokesman for the company said that Asda was merely reverting to its original date for the release of its figures. The shares closed little changed at 181p.

A weekend press story that a bidder might have to pay £6 a share for Booker helped the food manufacturer add 6 at 451p.

BET recovered 7 to 285p, after 287p. The stock went special xd on Friday and one dealer said that there had been overselling as a result.

Hartons jumped 5 to 61p on takeover speculation and persistent buying from a single investor. At least 700,000 shares were traded, more than 10 per cent of the company's issued stock.

London International put on 5 to 241p on a press tip and a recurrence of vague talk that Boots might bid. Analysts have dismissed such talk in the past.

There was no stopping US *buying of British Airways*, which firmed another 2 to 208p in strong turnover of 5m shares.

Davy Corporation posted full year profits almost trebled at £26m. The stock duly rose to close at 254p, up 5 on the day. Dealers were particularly pleased with the final 6p dividend, making 8.5p for the year against a previous 6¼p.

David S Smith drifted back as bid speculators became frustrated over the lack of developments and the shares closed 7 lower at 335p. Yellowhammer stood out in agencies, rising 6 to 197p ahead of today's preliminary results.

Friday's bid for Southampton, IOW & SOE RM Steam Packet, up 15 further at 242p, drew attention to other ferry operators and Isle of Man Steam Packet shot higher to 550p, up 37.

The fear of higher interest rates contributed to a fresh setback in British & Commonwealth. Since being dropped from the FT-SE 100, index-linked funds have no need for the shares and there are few other buyers, said a marketmaker. Last week at the annual meeting the chairman faced critical questioning over the persistent decline in the shares which yesterday dropped 10 more to a new low of 154p. Elsewhere, Tranwood rose 3½ to a peak 46p.

Two stocks made their debuts in the market yesterday. Commercial property group Molyneux Estates, placed at 55p, opened at 58p-bid and edged higher to close just off the top at 59p. Tavern Leisure, an Oxfordshire-based pub and catering group, touched 39p before easing to close at 37p compared with the placing price 30p.

Oils took off in afternoon trading with Shell leading the way, improving 9 to 418p. Interest was stimulated by news that Agip, the Italian oil company had spent $483m buying reserves in Nigeria. Shell has 20% of the licences on those reserves. "It is further evidence that big oil companies are chasing reserves," said Mr Simon Irwin of Kleinwort Benson.

Enterprise (up 4 at 559p), Clyde (up 3 at 146p) and Lasmo (up 6 at 474p) all performed well ahead of the announcement of the outcome of the 11th licencing round of acreage allocations in the North Sea. The consensus among analysts is that the details will be revealed in Parliament on Thursday.

When the Beecham Group/SmithKline Beckman merger is implemented, SmithKline Beecham will replace Beecham Group in the FT-SE and FT-A indices. The weighting will be equivalent *to that of the sum of the* number of "A" shares and five times the number of Equity units. The same weighting will apply to the FT-Actuaries Equity share indices. In the FT-A World indices, separate lines for the "A" ordinary and Equity units will be included – both as UK securities.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26

FINANCIAL TIMES STOCK INDICES

	Jun 26	Jun 23	Jun 22	Jun 21	Jun 20	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.39	84.45	84.51	84.66	84.72	87.98	89.29 (8/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.82	95.54	95.69	95.89	95.59	97.61	99.59 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1809.3	1797.7	1809.3	1800.9	1791.8	1468.1	1837.5 (19/5)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	198.7	192.8	193.2	184.7	184.9	211.0	196.7 (26/6)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

	Jun 26	Jun 23	Jun 22	Jun 21	Jun 20	Year Ago
Ord. Dl. Yield	4.41	4.44	4.41	4.43	4.45	4.53
Earning Yld %(full)	10.39	10.46	10.39	10.44	10.51	11.62
P/E Ratio(Net)(☆)	11.60	11.52	11.60	11.54	11.48	10.49
SEAQ Bargains(5pm)	25,004	22,483	23,721	18,510	28,227	26,221
Equity Turnover(£m)†	-	1485.80	1722.9	1047.85	-	963.61
Equity Bargains†	-	26,438	26,878	23,481	-	24,134
Shares Traded (ml)†	-	511.8	525.6	311.7	-	375.5

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1799.2	1803.6	1804.7	1805.0	1806.5	1809.8	1810.1	1810.6

DAY'S HIGH 1812.8 DAY'S LOW 1796.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974, ☆Nil 11.49 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Jun 23	Jun 22
Gilt Edged Bargains	82.8	85.4
Equity Bargains	184.3	174.1
Equity Value	3033.2	3481.4
5–Day average		
Gilt Edged Bargains	92.7	100.3
Equity Bargains	176.3	175.4
Equity Value	2720.0	2755.6

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	5,396	181	-½	Cookson	380	333	+2	Laporte	167	440	+3	Royal Bk of Scotland	233	375	-1
Allied-Lyons	1,000	459	-1	Courtaulds	2,200	346	+6	Legal & General	665	311	-1	Royal Insurance	231	401	+2
Amstrad	465	62	-2	Dalgety	570	360	-4	Lloyds Bank	258	342	-2	STC	1,500	365	+4
Argyll Group	5,000	234		Dixons	1,900	144½	+2½	LASMO	154	474	+6	Saatchi & Saatchi	599	312	-2
Ass. Brit. Foods	166	373	-2	Eng. China Clays	221	482	-5	Lonrho	842	280	-1	Sainsbury	900	259	-4
BAA	1,500	399	+3	Enterprise Oil	343	559	+4	Lucas	420	655	+3	Scot & Newcastle	193	335	-2
BAT Inds.	4,700	651	+9	FKI Babcock	66	168		MB Group	233	199	-1	Sears	2,600	116	+1
BET	1,700	285	+7	Fisons	2,000	293	+5	MEPC	229	582	-3	Shell Transport	4,900	417½	+8½
BICC	754	509	+1	Gateway Corp.	3,100	237½	+½	Marks & Spencer	2,200	192	+2	Siebe	258	538	-4
BOC	922	497	+10	General Accident	322	943		Maxwell Comm	1,500	180	-2	Slough Ests.	343	325	+4
BPB Inds.	478	234	-5	General Elec.	4,100	209½	+5½	Midland Bank	756	344		Smith & Nephew	4,230	130	+1½
BTR	1,100	388	+4	Glaxo	1,400	1423	+31	Nat. West. Bank	1,900	292	+3	Smiths Industries	259	303	-1
Barclays	734	453	-2	Globe Inv.	434	190½	+1½	Next	533	137	-1	Standard Chartered	899	530	-2
Bass	569	1018	-4	Glynwed Int.	1,100	292	+3	Northern Foods	660	323		Storehouse	659	155	-1
Beecham	1,000	629	+4	Granada	634	334		Pearl	158	640		Sun Alliance	349	1071	-1
Blue Circle	1,200	518	-9	Grand Met.	1,750	544	-1	Pearson	235	730	-1	T&N	68	229	
Boots	1,100	296	-1	GUS A	331	1046	+1	P & O	744	635	+4	TSB	557	139	
Brit. & Comm.	3,100	154	-10	GRE	3,600	203	+5	Pilkington	600	238		Tarmac	1,500	314	-2
Brit. Aerospace	675	675		GKN	286	494	-4	Plessey	625	263	+2	Tate & Lyle	1,900	252	+12
British Airways	5,300	208	+2	Guinness	2,300	318	+2	Polly Peck Intl.	518	272	-2	Taylor Woodrow	311	333	+2
British Gas	4,400	190½	+1½	Hammerson 'A'	564	884	+7	Prudential	841	174		Tesco	2,530	185	
British Land	979	360	-2	Hanson	3,775	214½		[illegible]	121	460	+1	Thorn EMI	564	738	+1
BP	4,300	296	+3	Harrisons & Cros.	72	167		RMC	286	770		Trafalgar House	736	352	-1
British Steel	6,900	76	-1½	Hawker Siddeley	175	727	-1	RTZ	1,935	490	-1	Trusthouse Forte	1,050	322	
British Telecom	2,500	267½	+3	Hillsdown Hldgs.	1,800	270	-2	Racal	5,800	451	-14	Ultramar	687	312	+1½
Burmah Oil	886	606	+7	IMI	340	229	+2	Rank Org	328	978	+14	Unilever	983	553	+3
Burton	296	218	+1	Imp. Chem.	1,800	1315	+15	Reckitt & Colman	127	1130	+13	United Biscuits	775	356	-1
Cable & Wireless	3,000	504	+2	Inchcape	447	256		Redland	664	571	+3	Utd. Newspapers	159	437	-1
Cadbury Schweppes	1,600	369	-3	Jaguar	634	358	+2	Reed International	438	420	-4	Wellcome	795	467	+8
Carlton Comms.	370	842	-2	Kingfisher	657	304		Reuters	617	823	+13	Whitbread 'A'	533	342½	-4½
Commercial Union	1,900	372	+3	Ladbroke	393	579		Rolls Royce	2,200	196	+1	Williams Hldgs.	716	352	-2
Cons. Gold Fields	1,175	1461	+8	Land Securities	1,200	581	-6	Rothmans	492	559	+1	Wimpey	583	256	-1

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (117).

AMERICANS (5) CANADIANS (2) BANKS (5) Algemene, Comerzbk., Deutsche Bk., Schroders, Do. NV, BREWERS (2) Guinness, Marston Thompson, BUILDINGS (5) Douglas (R.M.), Lafarge Coppee, McAlpine (A.), NSM, Needler Grp., CHEMICALS (7) STORES (1) Glamar Grp., ELECTRICALS (8) ASEA AB "A", Do. "B", Ericsson (L.M.), Kewill Systems, Palon, ENGINEERING (4) Bromsgrove Inds., Haden MacLellan, Manganese Bronze, Wheway, FOODS (5) Ashley Grp. 8¼pc Cv. Pf., Gateway, INDUSTRIALS (18) Amber Ind., Amer. Bus. Systems, Astra AB, Bear Brand, Caparo Inds., Cape Inds., Capita Grp., Charter Cons., Handley-Walker, Hanson, Do. 10pc Cv. Ln., Do. 5.75pc Cv. Rd. Pf., Oriflame, RPS Grp., Ropner, Do. "A", St. Gobain, Toye, Wyndham, INSURANCE (4) LEISURE (1) Cityvision, NEWSPAPERS (1) Home Counties, PAPERS (2) Stanco Exhbt., Yellowhammer, PROPERTY (4) SHIPPING (3) SOUTH AFRICANS (1) TOBACCOS (1) Rothmans, TRUSTS (24) OILS (2) Mid. & Scot., Royal Dutch, OVERSEAS TRADERS (1) Tozer Kem., MINES (13) THIRD MARKET (2).

NEW LOWS (38).

AMERICANS (1) CANADIANS (1) BANKS (1) Morgan Grenfell, BUILDINGS (3) Bryant Grp., Marley, Wilson (Connolly), STORES (1) ELECTRICALS (1) Newmark (Louis), HOTELS (1) INDUSTRIALS (18) Airsprung Grp., Amer Grp., Brit. Bloodstock, Hyman, Lincat grp., Medical Resch., Myson Grp., Relyon, Spandex, Worcester, LEISURE (1) PAPERS (2) PROPERTY (4) TRUSTS (5) OILS (2) MINES (5).

APPOINTMENTS

Reorganisation at Davy Corporation

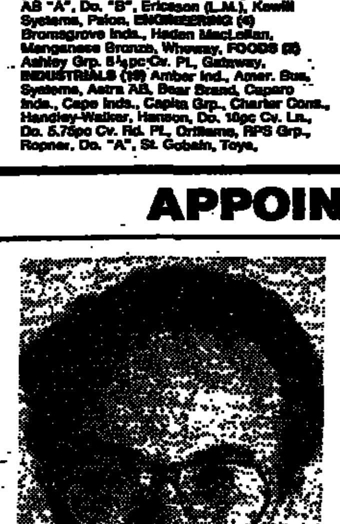
■ DAVY CORPORATION has restructured its business into six divisions, each with a chief executive who is a member of Davy's executive committee. The chief executives are: Mr Peter Newman (metals), Mr Patrick McTighe (process), Mr David Soley, (offshore), Mr Peter Harrisson (mechanical handling), Mr Michael Coleman (services), and Mr Maurice Couchman (construction and property).

Mr McTighe is also deputy chief executive of the Davy Corporation and Mr Couchman a main board director.

Supporting these divisions Davy Research and Development has been made a separate company, with Davy Corporation's chief executive Mr Roger Kingdon as chairman and Mr Barrie Scuffham as executive director.

■ Mr David Puller has joined REED INTERNATIONAL as head of group taxation. He was vice president - international taxes, with United International Pictures. Mr Tony Tillin has been appointed chief executive of ABC International, part of Reed Telepublishing. He moves from Reed Business Publishing Group where he was a director.

■ Mr Tim Westbrook has been appointed managing director of ROYAL WORCESTER, succeeding Mr Chris Miller who is resigning. Mr Westbrook was managing director of Rowntree Australia.



Mr Philip Green (above) has been appointed chief executive of COLOROLL GROUP. The appointment confirms the role that Mr Green has been fulfilling over the past twelve months or more.

■ Mr T.J. Palmer, chief executive of Legal & General Group, has been appointed chairman of the ASSOCIATION OF BRITISH INSURERS. He succeeds Mr P.R. Dugdale on July 1.

■ Mr Jeremy Capo-Bianco has been appointed to the main board of RED BANK, manufacturer of terra cotta and heavy clayware. Mr John Huson becomes group sales executive director. Mr David Griffiths is made executive director finance and company secretary. Mr David Green is promoted from works engineer to executive director engineering.

■ KVAERNER GOVAN, Glasgow, has appointed Mr Steiner Draegebo as deputy managing director from August 7. He will take over as managing director on December 31 when Mr Eric Mackie retires.

■ Following the annual meeting Mr Jim Furlong will take over as chairman of BESTWOOD as Mr Anthony Holmes is not seeking re-election. Mr Furlong, who owns 7.4 per cent of the company, and with his family and associates controls 25 per cent, is chairman of the housebuilding and civil engineering subsidiaries. Mr Alan Kaye, managing director of Atlanta Trust, mortgage lending subsidiary, has been appointed an executive director of Bestwood.

■ Mr Jeremy James has been appointed a director of SMITH & WILLIAMSON SECURITIES.

■ Mr David Gale is promoted to personnel director on the board of AUSTIN REED GROUP from July 3. On the same date Mr Tony Barry joins the group as retail director. He was merchandise director of Tie Rack.

■ Mr Christopher P. King, director Europe, The British Petroleum Co, and Mr Alan C. Long, a director of B.A.T. Industries, have been appointed non-executive directors of FOSECO.

■ Mr Mike Rich has joined ALEXON as sales director. He was sales and marketing director of United Merchants and Manufacturers Inc.

Mr Desmond Stephenson has been appointed sales director of Eastex, part of the Alexon Group. He was sales director of the House of Fraser Group.

Mr David Cooper (above) has become a general manager at GUARDIAN ROYAL EXCHANGE and is to lead the strategic planning division. He was previously deputy general manager in the investment and finance division and will continue to be based at GRE's corporate head office.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	56 08	56 75	60.38	+0 42	4.54
Gilts & Fixed Int	6	108 6	108.6	115.1	......	8 69
High Inc Equity	6	134.2	137.0	145 8	......	4.36
Worldwide Bond	6	206.7	206.7xd	219 0	+0.6	4 43
Capital Growth						
American Growth	6	192.4	192.4	205.0	+1.9	0.92
Asian Pacific	6	96.24	96 24	103 0	+0.9	1.26
Assets & Earnings	6	158.4	158.4xd	169.5	+0.1	2.18
Capital Reserve Acc	0	85 31	85 31	85.37	....	4 69
Comdty & Energy	6	102 1	102 1	109 2	+0 4	1.74
1992 Enterprise	6	58.36	59 51	63.31	+0 23	2.84
European Capital	6	89 29	90 07	95 82	+0 36	0 78
General	6	177 1	180 1	191 6	+0 1	2.35
International		46 90	47 01	50 02	-0 01	1 00
Japan	6	111 60	111 6	119.4	+0.1	0.00
Mastertrust	6	87.19	87 19xd	93 2b	+0 3	1 82
UK Growth Acc	6	202 3	202 3	216 4	-0.2	1.29
UK Growth Dist	6	135 0	135 0	144 4	-0 1	1 96
US Emerging Cos	6	55 64	57 50	61.18	+0 41	0 00
Income & Growth	6	297.2	297.2xd	317.9	+0.2	3.22
Ethical	6	49 13	50 29xd	53 50	+0 15	1.87

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5	32 13	32 13xd	34 30	+0.28	3 27
European	5¼	67.56	67 66	72.23	+0 41	0 00
European Income	5¼	66.08	66.08xd	70.54	+0.32	2 97
Exempt	1	807.9	807 9	843 1	+1 00	2.19
Extra Income	5	42 89	42.89xd	45.78	+0 04	4 95
F East Emerg Econs	5¼	46 75	47 13	50 47	-0 02	0 79
Fixed Int Tst	5	122 5	122.5	130 8	+0 20	2.48
Do Accum	5	190 7	190 7	203.6	+0.20	2.49
Gilt & Fixed Int	5¼	21 15	21 15xd	22 57	-0 01	10 74
Income & Growth	5¼	73 59	73 59	78 56	+0 19	4 16
Intl Income	5¼	63 80	63 80xd	68.11	+0 19	5.30
Japan	5¼	189.2	189.2	202.0	+0 10	0 00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administration and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convsl & Equity	5	62.81	65.78	69.97	-0.18	6.83
European	5	69.28	69.61	74.05	+0.49	0.09
Far Eastern	5	60.78	60.95	64.85	+0.08	0.69
Growth Inc	5	87.50	92.54	98.45	+0.29	1.40
Growth Acc	5	87.50	92.54	98.45	+0.29	1.40
Income Inc	5	84.39	86.46	91.98	-0.05	4.66
Income Acc	5	84.39	86.46	91.98	-0.05	4.66
Property Share	5	54.85	54.85	58.46	-0.67	0.99
Smaller Co's	5	59.21	62.67	66.66	+0.17	1.44
N'th American	5	65.18	65.18xd	69.71	+0.49	1.53
International	5	48.39	48.39xd	51.75	+0.16	1.41
Wright Seligman Fund Mngs Ltd (1000)H						
11 Bloomfield St, London EC2M 7AY 01-588 0592						
Growth	5	110.61	110.61xd	115.61		4.11
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	63.13	65.64xd	69.83	-0.01	2.61
YUTM 9⅞ Eqy Inc Est	5¼	60.55	62.69	66.69	-0.10	4.58
YUTM Intl Gwth Tst ♦	5¼	51.63	51.65	55.10	+0.26	.99

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Expt June 7	485.3	505.8		–
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund May 31		515.45		4.75
Fxd Int.Sec May 31		139.45		10.25
Deposit May 31		100.00		12.45
Charinco/Charishare‡‡ (1000)F				
33 King William Street, EC4R 9AS 01-280 2800				
C'inco Inc June 21	162.1	166.1xd	+1.60	9.83
C'inco Acc June 21	665.1	681.5xd	+6.40	9.83
C'share Inc June 21	149.8	155.2xd	+3.00	3.66
C'share Acc June 21	164.6	170.6xd	+3.30	3.66
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income May 31		487.57		4.90
Accum May 31		1620.94		–
Edinburgh Fund Mngrs PLC				

	Bid Price	Offer Price	+ or -	Yield Gross
Albany Life Assurance Co Ltd – Contd.				
Pac Basin Fd Acc(z)	171.0	179.9	+0.6	–
Property(z)	563.4	593.0	+0.2	–
M'ple Inv Pens Acc(z)	1448.2	1524.3	+0.2	–
Broker Funds				
Prof. Pen. Fd	97.0	102.1	-0.2	–
YRA Strategy	119.6	125.8		–
Laughton Dollar (SD)	142.4	149.8	-0.3	–
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	261.4	275.2	+0.1	–
Equity Acc	859.4	904.7		–
Property Acc	494.6	520.7	+0.1	–
Far East Acc	205.6	216.5	+1.1	–
European Acc	23.7	25.0	+0.2	–
Managed Acc	677.8	713.5		–
Managed Cap	384.7	405.0		–
O'seas Earnings Acc	568.2	598.2	-1.5	–
Gilt EdgedAcc	307.7	323.9	-0.6	–
American Equity Acc	476.1	501.2	+5.7	–
American Man.Acc	220.4	232.0	+2.3	–
American Prop Acc	150.6	158.6	+0.1	–
Pen.F I.Dep.Cap	288.3	303.5	+0.2	–
Pen.F I.Dep.Acc	494.4	520.5	+0.5	–
Pen. Prop. Cap	580.9	611.5		–
Pen. Prop. Acc	1100.3	1158.1	+0.4	–
Pen. Man. Cap	832.0	875.8	+2.5	–
Pen. Man. Acc	1575.1	1658.1	+5.3	–
Pen.GiltEdg.Cap	310.8	327.2	-0.5	–
Pen. Gilt Edg. Acc	480.8	506.2	-0.5	–
Pen. Eq. Cap	1366.6	1438.6	+5.0	–
Pen. Eq. Acc	1960.9	2064.2	+7.7	–
Pen. Am. Eq Cap	157.8	166.2	+2.7	–
Pen. Am. Eq Acc	190.9	201.0	+3.4	–
Pen. Far East Cap	247.7	260.8	+0.5	–
Pen. Far East Acc	299.6	315.4	+0.6	–
Pen. Euro Cap	27.3	28.8	+0.1	–
Pen. Euro. Acc	29.8	31.4	+0.2	–
Pen. B.S. Acc	542.2	569.4	+0.7	–
Pen. B.S. Cap	325.0	341.3	+0.3	–
Pen. D.A.F. Acc	379.7	379.7	+0.4	–
Pen. D.A.F. Cap	255.5	255.5	+0.2	–
Pen. Mortgage Cap	145.8	153.5	+0.1	–
Pen. Mortgage Acc	176.3	185.6	+0.2	–
Barlng Funds				
Pen Eqn Cap	28.8	30.4	+0.1	–

INSURANCES

Continued on next page

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Premium Life Assurance Co Ltd

37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	136.0	144.0	+2.0	-
Building Soc. Fd.	171.0	180.0	-----	-
Balanced	286.0	302.0	-----	-
European	183.0	193.0	+1.0	-
GT Managed	179.0	189.0	+1.0	-
Gartmore Mngd.	119.0	126.0	-----	-
German	128.0	135.0	-----	-
Gilt	180.0	190.0	-----	-
Global	49.0	52.0	+1.0	-
High Inc.	123.0	130.0	-----	-
International Equity	200.0	211.0	-----	-
Japan	241.0	254.0	+4.0	-
Managed	64.0	68.0	-----	-
Property	283.0	298.0	-----	-
R. W. Imperial Gold	148.0	156.0	-----	-
UK Equity	366.0	386.0	-----	-
Pension Funds				
American	152.0	160.0	-----	-
Building Soc. Fd.	171.0	180.0	-----	-
Balanced	221.0	233.0	-----	-
European	180.0	190.0	-----	-
German	113.0	119.0	-----	-
Gilt	155.0	164.0	-----	-
International Equity	144.0	152.0	-----	-
Japan	138.0	146.0	+2.0	-
Managed	65.0	69.0	-----	-
Property	217.0	229.0	-----	-
UK Equity	331.0	349.0	-1.0	-

Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4BE 0539 33733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	600.0	632.3	+2.1	-
Adventurous Mngd.	129.4	136.4	+0.9	-
Secure Mngd.	109.5	115.4	+0.3	-
Cash Fd.	233.7	246.3	-----	-
Property Fund	287.1	305.5	-----	-
Equity Fund	678.1	714.6	+3.1	-
Fxd Int. Fund	295.4	311.3	+0.1	-
International	306.0	325.6	+2.0	-
High Income	471.8	502.0	+0.8	-
Far East	423.0	450.0	+2.7	-
North American	285.8	304.1	+5.5	-
Special Sits	619.4	659.0	+1.6	-
Technology	259.1	275.7	+1.4	-
Extra Inc Fd.	285.8	304.1	+0.3	-
Convertible & Gilt Fd.	152.7	162.5	-0.9	-
American Income	134.4	143.0	+2.6	-
Gilt Fund 20	292.9	311.6	+0.1	-
European Fund	104.6	110.3	+1.0	-
Pref & Fixed Int.	98.7	105.0	-----	-
Pension Funds				
Balncd Gwth Mngd Pens Acc	572.1	602.3	+1.8	-
Adventurous Mngd Pens Acc	125.3	131.9	+1.1	-
Secure Mngd Pens Acc	107.4	113.1	+0.3	-
Building Soc. Acc.	242.0	254.8	-----	-
Property Pens. Acc	293.2	308.7	-----	-
Fix. Int. Pens. Acc.	402.1	423.3	+0.3	-
Equity Pens. Acc.	756.7	796.6	+3.1	-
International Pens Acc.	281.7	296.6	+1.8	-
High Inc Pens Acc	494.0	520.1	+0.9	-
Tech Pens Acc	171.4	180.5	+1.1	-
N American Pens Acc.	196.0	206.4	+4.1	-
Far Eastern Pens Acc.	412.0	433.7	+2.9	-
Special Sits Pens Acc	508.1	534.9	+1.4	-
Extra Income Pens Fd.	336.8	354.6	+0.5	-
Convertible & Gilt Pen	171.1	180.2	+0.9	-
American Inc Pens	149.2	157.1	+3.4	-
European Pens	111.5	117.4	+1.4	-
Managed Cash Pens.	111.6	117.5	-----	-
Pref & Fixed Pens.	101.7	107.1	-----	-
Other Funds				
Acorn Managed Fund	172.1	181.2	+1.0	-
Portfolio 2000.	158.8	167.2	+1.0	-
Buxton Intnl Managed	108.3	114.0	+0.1	-
PBM Max Gwth & Inc	111.3	117.2	+0.1	-
DWC Growth & Income	114.1	120.2	+0.5	-
NCH Managed	101.3	106.7	+0.7	-

For Capital Unit and Other Prices ring 0539-33733

Property Equity & Life Ass. Co

Baxter Ave. Southend SS2 6QH 0702 333433

	Bid Price	Offer Price	+ or -	Yield Gross
Int. Man Pension Fd.	133.2	140.2	-----	-
Int. Man. Crncy Bd Fd.		134.8	-----	-

Prudential Holborn Pensions Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Communications	107.2	112.9	+0.8	-
Smaller Companies	108.9	114.7	+0.2	-
International Small Co.	133.2	140.3	+1.7	-

Prudential Pensions Limited

Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary June 21	£156.67	161.19	-----	-
Equity June 21	£169.91	176.22	-----	-
International June 21	£26.33	27.14	-----	-
Intl Bond June 21	£12.89	13.06	-----	-
Fixed Int June 21	£71.95	72.51	-----	-
Index Linked June 21	£60.03	60.79	-----	-
Property June 21	£109.83	116.37	-----	-
Cash June 21	£20.9407	20.9407	-----	-
Pre-Linked Retirement Plan				
Managed June 21	382.7	398.7	-----	-
Cash June 21	196.7	204.9	-----	-
Prudential Pensions Investment Account				
Pens Mngd June 26	153.5	165.2	-0.2	-
Pens UK Eq June 26	304.8	328.8	-1.7	-
Pens Intl June 26	187.0	201.4	+2.0	-
Pens Fixed June 26	162.8	172.0	-0.2	-
Pens Index Lk June 26	153.1	161.7	+0.1	-
Pens Cash June 26	128.4	135.3	-----	-

Regency Life Assurance Co Ltd

Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Pf/lio Fd.	119.9	126.2	-----	-
Balanced Pf/lio Fd.	313.6	330.1	-----	-
Cautious Pf/lio Fd.	121.3	127.6	-----	-
Elite Fund	109.7	114.8	-----	-
European Fund	86.6	91.1	-----	-
Far East Fund	109.4	115.1	-----	-
Fixed Interest Fund	238.6	251.1	-----	-
International Fund	276.5	291.0	-----	-
Money Fund	176.9	186.2	-----	-
N American Fd.	121.4	127.7	-----	-
Property Fund	412.3	433.9	-----	-
UK Equity Fd.	382.2	402.3	-----	-
A.I.M. Brwin Diplm Fd.	93.7	98.6	-----	-
Swim Select Inv.	112.5	118.4	-----	-
Chart Safety First Bd.	108.5	114.2	-----	-
Exec Master Fd.	100.5	105.8	-----	-
Hardwick Growth Fd.	109.8	115.6	-----	-
Bentley Haig LR Port.	101.0	106.3	-----	-
Milbourne Spec Port.	115.8	121.9	-----	-
Swim Global Fd.	111.9	117.8	-----	-
Hardwick Tst Fd.	72.2	76.0	-----	-

All funds have equivalent pension fund. Series 2 prices above. Others available from Regency Life.

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd.	124.2	130.8	+0.1	-
Equity Acc Fd	313.6	330.1	+0.7	-
Managed Acc Fd.	279.8	294.6	-----	-
Prop Fd (1st Issue)	-	561.7	-----	-
Prop Acc Fd (2nd Iss)	174.0	183.2	-----	-
Unit Trust Mn Fd.	116.2	122.3	-----	-
RL Pension Funds				
Deposit Acc.	161.4	169.9	-----	-
Equity Acc.	233.2	245.4	-----	-
Fixed Int Acc.	155.9	164.1	-----	-
Gilt Indx Lnk Acc.	134.3	141.4	-----	-
Managed Acc.	275.6	290.2	-----	-

Royal Heritage Life Assurance Ltd

20 Clifton St, EC2A 4HX 01-920 0202/0733 262524

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth	485.03		-----	-
Multi Gwth "A"	485.0	510.6	-----	-
Op Prop	430.5	453.2	+1.0	-
Op Equity	797.1	839.1	+0.4	-
Op High Yld.	344.9	363.1	-0.9	-
Op Man	606.5	638.5	-0.1	-
Op Dep	275.3	289.8	-----	13.32
Op Bnd.	244.6	257.5	-0.5	-
Op Inc Dist.	196.7	207.1	-0.5	7.34
Op Inc Man	341.0	359.0	-0.6	-
Op US$	93.4	98.4	-1.1	7.45
Op Emerging Co's	301.6	317.5	+1.0	-
Pension Funds—Series B & C Acc.				
Property	718.9	756.8	+0.2	-
Equity	1947.6	2050.2	+1.0	-
Fixed Interest	633.7	667.1	-0.6	-

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LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99	98	Exch 11pc 1989	99	.....	11.09	13.60
98	95	Treas 5pc 1986-89	98	+	5.10	11.30
99½	98	Exch 10¼pcCv '89	98	.....	10.35	12.70
101	99½	Treas 13pc 1990	100¼	+	13.00	12.93
130	124	Treas 2pc IL '90	129¼	-	2.09	9.98
99	98	Exch 11pc 1990	98	.....	11.15	13.18
101	99	Exch. 12½pc 1990	99	.....	12.56	13.07
94	91	Treas 3pc 1990	93	.....	3.19	10.52
96	95	Treas 8¼pc 1987-90	95	.....	8.59	12.77
98	95¼	Treas 8pc Cv 1990	95	.....	8.37	12.58
98	96	Treas. 10pcCv 1990	96	+	10.35	12.83
91½	87	Exch 2½pc 1990	90	.....	2.75	9.63
101	98	Treas 11¾pc 1991	98¾	-	11.90	12.67
92	89	Funding 5¾pc '87-91	91	.....	6.29	11.24
89	86	Treas. 3pc 1991	88	.....	3.37	9.58
100	95	Treas 10pc Cv '91	95	-	10.45	12.46
101	97	Exch. 11pc 1991	97	-	11.26	12.16
94	91	Treas. 8pc 1991	91	+	8.74	12.09
106	102	Treas 12¾pc 1992	102	+	12.47	11.72
99½	95	Treas 10pc 1992	96	+	10.42	11.82
94	91	Treas. 8pc 1992	91	+	8.78	11.78
100	96	Treas 10½pc Cv 1992	97¼	+	10.81	11.67
85	82¼	Treas. 3pc 1992	83	.....	3.60	9.58
105	101¼	Exch 12¼pc '92	101½	+	12.08	11.69
109	104	Exch 13½pc 1992	104	+	12.88	11.62
94	90	Treas 8¼pc 1993	90	.....	9.11	11.49
100	95	Treas 10pc 1993	96	.....	10.42	11.30
108¼	103	Treas 12½pc 1993	103	+	12.06	11.35
87¼	84¼	Funding 6pc 1993	85	.....	7.03	10.37
113¼	108¼	Treas 13¾pc 1993	108	+	12.69	11.26
94½	89	Treas 8½pc 1994	90	+	9.42	11.25
117	112	Treas 14½pc 1994	112	+	12.90	11.00
113	107	Exch 13½pc 1994	108	+	12.51	11.32
100	95	Treas. 10pc Ln. 1994	95	+	10.43	11.09

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
110¼	104	Exch. 12¼pc 1994	104	+	11.94	11.28
96	91	Treas 9pc 1994	91	+	9.80	11.04
108	102	Treas 12pc 1995	103¼	+	11.64	11.24
79	74½	Exch 3pc Gas 90-95	75	.....	4.00	8.51
101	95	Exch. 10¼pc 1995	96	+	10.64	11.09
113	107¼	Treas 12¾pc 1995	107	+	11.83	10.99
119	112	Treas. 14pc '96	112	+	12.40	11.17
97½	91	Treas. 9pc 1992-96	91	+	9.81	10.75
126	119	Treas 15¼pc 1996	119	+	12.74	11.06
117	110	Exch 13¼pc 1996	110	+	11.97	10.99
101	94	Conversion 10pc 1996	95¼	.....	10.50	10.93
118	110	Treas 13¼pc 1997	111	.....	11.89	10.98
104	97¼	Exch 10½pc 1997	97	.....	10.74	10.92
95	88¼	Treas 8¾pc 1997	89	-	9.77	10.69
128	120	Exch 15pc 1997	120	.....	12.42	11.10
100	93	Exch. 9¾pc 1998	94	.....	10.32	10.76
84	78	Treas 6¾pc 1995-98	79	+	8.48	10.31
134	125	Treas. 15½pc '98	126¼	.....	12.28	10.91
113	105¼	Exch. 12pc 1998	106	.....	11.26	10.85
100¼	93	Treas 9½pc 1999	94¼	.....	10.08	10.46
115	107½	Exch. 12¼pc 1999	108¼	.....	11.30	10.82
105	97	Treas. 10½pc 1999	98	.....	10.64	10.71
104	96½	Conversion 10¼pc 1999	97	.....	10.53	10.67
94	86	Treas. 8½pc Ln 2000	87¾	.....	9.67	10.41
97	90	Conversion 9pc 2000	90	.....	9.90	10.42
122	113	Treas. 13pc 2000	114	.....	11.39	10.78
103	95	Treas 10pc 2001	96¼	.....	10.34	10.48
124	115½	Treas. 14pc '98-01	116½	.....	12.02	11.04
102	94	Conversion 9¾pc 2001	95¼	.....	10.23	10.44
113	105½	Exch. 12pc '99-02	106½	.....	11.28	10.88
104	96	Conversion 10pc 2002	97½	.....	10.26	10.35
102	94	Treas 9¾pc 2002	95	.....	10.18	10.33
97	89	Exch. 9pc 2002	90¾	.....	9.90	10.25
126	117	Treas. 13¾pc 2000-03	118½	.....	11.60	10.84
105	97	Treas 10pc 2003	98¼	.....	10.18	10.23
113	104	Treas. 11½pc 2001-04	105¼	.....	10.88	10.62
106	97	Treas. 10pc 2004	98	.....	10.12	10.15

BRITISH FUNDS—Contd

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
59	55	Funding 3½pc '99-04	55	.....	6.31	8.93
102	94	Conversion 9½pc 2004	95	-	9.96	10.09
103	94½	Conversion 9½pc 2005	95	-	9.94	10.06
111¼	102	Exch. 10½pc 2005	103	-	10.13	10.02
125	115	Treas 12½pc 2003-05	116½	-	10.72	10.26
90	82	Treas. 8pc 2002-06	84	-	9.50	9.93
105	97	Conversion 9¾pc 2006	98¼	-	9.91	9.93
118	109	Treas. 11¾pc 2003-07	110	-	10.61	10.26
96	87	Treas 8½pc 2007	89	-	9.51	9.76
134	123	Treas 13½pc '04-08	124	-	10.80	10.18
101	92	Treas. 9pc 2008	93	-	9.61	9.72
92	84	Treas 8pc 2009	85	-	9.38	9.66
102	93	Conv 9pc Ln 2011	94	-	9.50	9.57
68	62	Treas. 5½pc 2008-12	63	-	8.64	9.36
89	82	Treas. 7¾pc 2012-15	83	-	9.31	9.51
132	121	Exch. 12pc '13-'17	122	-	9.79	9.58

Undated

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
45	41½	Consols 4pc	42½	-	9.45	-
40	36	War Loan 3½pc	37¼	-	9.35	-
70	60	Conv. 3½pc '61 Aft.	64	-	5.38	-
41	31	Treas. 3pc '66 Aft.	33	-	8.81	-
30	26	Consols 2½pc.	26½	-	9.39	-
29½	25	Treas. 2½pc.	26¼	-	9.48	-

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or -	(1)	(2)
108½	103	Tr. 2pc '92 (97.8)	108	.....	2.99	4.00
99	94	Do. 2 '94 (102.9)	99	.....	3.30	3.86
146½	139	Do. 2pc '96 (67.9)	146	-	3.38	3.78
124	118	Do 2½pc '01 (78.3)	123	-	3.63	3.90
122	115	Do. 2½pc '03 (78.8)	120	-	3.69	3.92
125	117	Do 2pc '06 (69.5)	129¼	-	3.70	3.89
117	110	Do. 2½pc '09 (78.8)	115	-	3.68	3.86
123	114	Do. 2½pc '11 (74.6)	119	-	3.68	3.84
102	95	Do. 2½pc '13 (89.2)	99	-	3.66	3.81
110	101	Do. 2½pc '16 (81.6)	107	-	3.62	3.77
108	100	Do 2½pc '20 (83.0)	105	-	3.56	3.69
91	84	Do. 2½pc '24 (97.7)	88¼	-	3.53	3.64

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1988: 109.5 and for May 1989: 115.0.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
108	99½	African Dv Bk 11¼ Ln 2010	100	+	11.02	11.06
104	96½	Asian Dev Bk 10¼pcLn2009	97	+	10.56	10.60
130	119	Australia 13½pc 2010	120½	-	11.20	10.98
113	102	Do. 11¼pcLn2015	103	-	10.96	10.92
108	99	Euro Inv Bk 11pc Ln 2002	101	-	10.89	10.84
104	95	Do. 10¼pc2004	96	-	10.71	10.78
119	109	Int-Am Dev Bk 12½pc 2003	110	-	11.30	10.97
99	90	Do. 9¾pcLn 2015	91¼	-	10.68	10.75
97½	91	Mlysia 10¾pcLn 2009	91½	.....	11.75	11.87
120	117	Utd. Mexican States 16½pc 2008	117	.....	13.98	13.80

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102	99½	Birmingham 13½pc 1989	99½	-1	13.57	11.20
111½	102½	Do. 11½pc 2012	102½	.....	11.22	11.20
91	86½	GLC 6¾pc 1990-92	86½	.....	7.80	12.10
124½	114½	Leeds 13½pc 2006	117½	.....	11.49	11.16
33	30	Liverpool 3½pc Irred.	30	.....	11.67	-
94½	92	LCC 6¾pc '88-90	93½	.....	7.22	12.90
30	27	Do. 3pc '20 Aft.	27	.....	11.11	-
107½	101½	Manchester 11½pc 2007	102½	.....	11.22	11.20

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99	98	N'wide Anglia 10pc 17.7.89	99	...	10.73	14.47
99	98	Do. 11¼pc 7.8.89	99½		11.11	14.59
99	98	Do 11pc 29.8.89	99		11.62	14.17
99	99	Do 12¼pc 18.9.89	99		12.45	14.33
99	99	Do 12pc 2.10.89	99		12.40	14.25
99	98	Do 11pc 6.11.89	98		11.94	14.32
100	98	Do 12pc 4.12.89	99		12.43	14.35
100	99	Do. 12pc 2.1.90	99		12.91	14.33
100	98	Do. 12pc 29.1.90	98		12.70	14.34
100	98	Do 12pc 26.2.90	98		12.54	14.46
102¼	98½	Do 3¾pcIL Ln 2021	99	-	4.55	4.45

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99	95	Agric. Mt. 5pc '59-89	99		5.05	-
47	45	Met. Wtr. 3pc 'B'	46		6.53	10.41

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
45	40	Greek 7pc Ass	40		3.50	18.75
45	40	Do 6pc 28 Stb Ass	40			17.50
45	40	Do 4pc Mixed Ass	40			15.00
80	65	Hung. '24 Ass	80		2.75	13.57
139	128	Hydro Quebec 15pc 2011	129	-	15.00	11.34
128	118	Iceland 14½pc Ln 2016	119	-	14.50	12.00
97	91	Ireland 9¾pc '91-96	92	-	9.75	11.60

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
597p	278p	Cullinet Sftwr 1c	588p	–9	–	–	–
27¼	21	Dana Corp. $1	26	+	$1.60	–	3.8
12	854p	Data General	11¼	+⅛	–	–	–
38	28⅜	Dun & Bradstreet $1	38	+1½	$2.00	–	3.3
41¼	30½	Eaton Corpn. 50c	40xd	+⅝	h$2.00	–	3.2
11⅛	8⅞	Echlin Inc.	10xd	+⅛	70c	–	4.0
20⅝	16⅞	FPL Group 1c	19½xd	–⅛	$2.28	–	7.4
32⅞	27⅝	Ford Motor $1	31	+	$3.00	–	6.0
45⅝	30	GATX 62½c	44	–¼	$2.00	–	2.9
35¾	24¼	Gen. Elect. 63c	35¼	+½	$1.64	–	2.9
568p	484p	General Host Corp $1	531p	–10	30c	–	3.6
39⅛	18¼	Gillette $1	26⅛	+½	96c	–	2.3
987p	616p	Gt Am First Svgs Bk $1	845p	+6	60c	–	4.5
23⅝	16	Greyhound $1½	21⅞	–⅛	$1.32	–	3.8
14⅛	847p	Hasbro Inc 50c	14⅛	+⅞	16c	–	0.7
49⅞	32¾	Honeywell $1½	48xd	+	$2.10	–	2.8
21¼	15¼	Houston Inds §	20⅝	.....	$2.96	–	9.1
74⅝	63	IBM Corpn $1¼	71xd	+1	$4.84	–	4.3
55p	45p	Image Storage/R Sys 1c	55p	+5	–	–	–
28¼	18¾	Ingersoll-Rand $2	28xd	+1	$1.20	–	2.7
33	22½	Lockheed Crpn $1	30¼xd	.....	$1.60	–	3.3
22⅛	15	Lone Star Inds $1	20¼	.....	$1.90	–	5.9
25	17½	Louisiana Land 15c	23xd	+⅝	$1.00	–	2.6
17	11½	Lowe's 50c	17	+⅛	48c	–	1.8
25	15	Manuf. Hanover $1	24⅞	+⅛	$3.28	–	8.3
20½	13	Merrill Lynch $1	19¼	+	$1.00	–	3.3
2253p	1910p	Molex Inc.	2011p	+29	3.2c	–	–
27	18⅛	Morgan (JP) $2½	25xd	–⅛	$1.66	–	4.2
54½	36⅛	NYNEX $1	53⅛	+1½	$4.36	–	5.2
24⅝	18¼	PHH Corp. §	23⅞	.....	$1.12	–	3.0
259p	220p	Pacific Agr. §	242p	.....	–	–	–
27¼	19	Pacificorp $3¼	26¼	+⅛	$2.76	–	6.4
27	16⅞	Pacific Telesis 10c	26½	+⅛	$1.88	–	4.5
22⅛	15¼	Pall Corp. 25c	28⅞	+¼	48c	–	1.5
55⅞	39	Pennzoil 83 1/3c	52xd	–	$3.00	–	3.6
25½	17	Premark Intl.	25½	+⅞	84c	–	2.1
42¼	28⅛	Quaker Oats $5	42¼xd	+½	$1.20	–	1.8
32⅛	23⅛	Rep NY Corpn $5	32⅛xd	+1	$1.28	–	2.5
14⅞	11	Rockwell Intl. $1	14⅝xd	+⅛	72c	–	3.1
35	21⅝	Southwestern Bell $1	33⅝	+1	$2.60	–	4.9
27⅞	17	Sun Co Inc. $1	26xd	+⅛	$1.80	–	4.3
30¼	22	TRW Inc. 62½c	29xd	+	$1.72	–	3.7
22⅛	14⅛	TW Services $5	21⅛	.....	10c	–	0.3
36¾	26¼	Tenneco $5	35½xd	+	$3.04	–	5.4
35	28	Texaco $6.25	32xd	.....	$3.00	–	5.9
28	21⅛	Texas Instr. $1	27¼xd	+¼	72c	–	1.7
117	58⅝	Time Inc. $1	106⅛	+6	$1.00	–	0.6
18	15	TRINOVA Corp.	17xd	–	56c	–	2.3
24¼	16	USX $1	23⅞xd	+	$1.40	–	3.7
164p	126p	Unilab	163p	.....	–	–	–
33	22⅛	Utd Technologies	33⅝xd	+	$1.60	–	3.0
158p	128p	Utilitech Inc.	144p	.....	–	–	–
46½	31½	US West§	45½	+½	$3.76	–	5.2
35	22⅝	Waste Management $1	33⅝xd	–½	48c	–	0.9
20¼	13½	Whirlpool $1	18⅞	–⅛	$1.10	–	3.7
24⅛	16	Whitman Corp.	23⅞	+1	$1.02	–	2.7
36	28⅛	Woolworth $3½	34	–	$1.88	–	3.4

CANADIANS

High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
168p	129p	ABM Gold Corp §	168p	+6	–	–	–
25½p	4½p	Abbot Energy Corp.	25½p	.....	–	–	–
15⅛	902p	Amer. Barrick Res.	15⅛	+⅛	–	–	–
19½p	10½p	Armeno	11p	–2½	–	–	–
344p	94p	Asiamerica Hldgs§	344p	.....	–	–	–
33½p	8½p	Augmitto Explo.	12½p	–1	–	–	–
17⅛	12⅞	Bk. Montreal §	17¼	+⅛	$2.12	–	6.7
10⅝	655p	Bk. Nova Scot. §	956p	+5	92c	–	5.2

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SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- I No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue H Dividend and yield based on prospectus or other official estimates for 1988 [illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p		p
Allied-Lyons	[illegible]	Morgan Grenfell	[illegible]
Amstrad	[illegible]	Nat West Bk	[illegible]
BAT	[illegible]	P&O Dfd	[illegible]
BOC Grp	[illegible]	Plessey	[illegible]
BSR	[illegible]	Polly Peck	[illegible]
Barclays	[illegible]	Racal Elect	[illegible]
Beecham	[illegible]	RHM	[illegible]
Blue Circle	[illegible]	Rank Org Ord	[illegible]
Boots	[illegible]	Reed Intl	[illegible]
Bowater	[illegible]	STC	[illegible]
Brit Aerospace	[illegible]	Sears	[illegible]
Brit Telecom	[illegible]	Tesco	[illegible]
Burton Grp	[illegible]	Thorn EMI	[illegible]
Cadbury	[illegible]	Trust Houses	[illegible]
Charter Cons	[illegible]	T&N	[illegible]
Coats Viyella	[illegible]	Unilever	[illegible]
Comm Union	[illegible]	Vickers	[illegible]
Courtaulds	[illegible]	Wellcome	[illegible]
Dixons	[illegible]		
Eagle Star	[illegible]		
GEC	[illegible]		
Glaxo	[illegible]		
Grand Met	[illegible]		
GUS 'A'	[illegible]		
Guardian	[illegible]		
GKN	[illegible]		
Hanson	[illegible]		
Hawker Sidd	[illegible]		
ICI	[illegible]		
Jaguar	[illegible]		
Ladbroke	[illegible]		
Legal & Gen	[illegible]		
Lex Service	[illegible]		
Lloyds Bank	[illegible]		
Lucas	[illegible]		
Marks & Spencer	[illegible]		
Midland Bk	[illegible]		

Property

Brit Land	[illegible]
Land Securities	[illegible]
MEPC	[illegible]
Randsworth	[illegible]

Oils

Brit Petroleum	[illegible]
Burmah Oil	[illegible]
Calor	[illegible]
Charterhall	[illegible]
Premier	[illegible]
Shell	[illegible]
Ultramar	[illegible]

Mines

Cons Gold	[illegible]
Lonrho	[illegible]
RTZ	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling continues to fall

STERLING CAME under renewed pressure yesterday as investors adopted a cautious stance ahead of the release today of UK May trade figures. The Bank of England sold dollars in very early trading in what was seen as an attempt to keep the pound's exchange rate index above the 90.0 level. During the morning it was largely successful, but the pound was sold again in the afternoon and by 3pm, the index had slipped to 98.9, down from 90.1 at the opening and 90.3 on Friday. It closed at 89.7, the lowest level this year, and despite a further round of intervention by the Bank of England.

Most analysts are looking for a current account shortfall of around £1.6bn, although there are fears that the deficit may be swollen to near the £2bn mark as companies increased their imports to beat the dock strike. Sterling has now fallen by over 8 per cent since the beginning of the year, and the inflationary implications of such a decline are likely to increase the chances of another rise in base rates, should sterling fall below the key support level of DM3.00.

The pound fell to DM3.0225, its lowest level since it was allowed to break above DM3.00 in March last year; the close on Friday was DM3.0375. Against the dollar, it finished at $1.5450 from $1.5670 but improved in yen terms to Y217.50 from Y216.75. Elsewhere, it finished at SFr2.6025 from SFr2.6075 and FFr10.2550 compared with FFr10.3075.

Sterling appeared to be little affected by comments from Mrs Margaret Thatcher, Prime Minister. Speaking at the EC summit in Madrid, Mrs Thatcher stressed that entry by sterling to the EMS exchange rate mechanism could only be achieved after a significant reduction in the level of UK inflation.

The dollar finished on a firmer note compared with closing levels on Friday. Dollar trading remained nervous, with no real direction detected in relatively low volume. The strong opening reflected short covering in Far East markets, as the dollar bounced back from the softer tone seen on Friday after the release of disappointing US durable goods orders for May.

However, the extent of the dollar's improvement was limited by fears of renewed central bank intervention. The US unit moved above DM1.96 only briefly because renewed selling quickly developed above this level.

The dollar closed at DM1.9570 from DM1.9390 and Y140.80 compared with Y138.40. Elsewhere, it finished at SFr1.6840 from SFr1.6640 and FFr6.6375 against FFr6.5775. On Bank of England figures, the dollar's exchange rate index rose to 71.6 from 71.0.

The D-Mark lost ground against the French franc, as French short-term interest rates were marked higher, closing at FFr3.3917 from FFr3.3922. However, it was slightly firmer against the Swiss franc

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June.26	% change from central rate	% change adjusted for divergence	Divergence limit, %
Belgian Franc	42.4582	43.2898	+1.96	+0.90	±1.5344
Danish Krone	7.85212	8.05370	+2.57	+1.51	±1.5404
German D-Mark	2.05853	2.06882	+0.50	-0.56	±1.0981
French Franc	6.90403	7.01638	+1.63	+0.57	±1.3674
Dutch Guilder	2.31943	2.33077	+0.49	-0.57	±1.5012
Irish Punt	0.768411	0.776187	+1.01	-0.05	±1.6684
Italian Lira	1483.58	1497.68	+0.95	+0.46	±4.0752
Spanish Peseta	133.804	132.250	-1.16	N/A	N/A

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

£ IN NEW YORK

[illegible]		

STERLING INDEX

[illegible]		

CURRENCY RATES

[illegible]		

CURRENCY MOVEMENTS

[illegible]		

OTHER CURRENCIES

June.26	£	$
Argentina	348.85 - 352.00	226.00 - 228.00
Australia	2.0050 - 2.0075	1.2980 - 1.2990
Brazil	2.1270 - 2.1385	1.3780 - 1.3850
Finland	6.7600 - 6.7800	4.3860 - 4.3880
Greece	259.10 - 263.60	166.95 - 169.65
Hong Kong	12.0270 - 12.0425	7.7920 - 7.7940
Iran	114.50*	74.20*
Korea(Sth)	1033.10 - 1041.40	663.70 - 669.10
Kuwait	0.45470 - 0.45590	0.29470 - 0.29530
Luxembourg	63.15 - 63.25	40.85 - 40.95
Malaysia	4.1635 - 4.1740	2.6990 - 2.7010
Mexico	3835.00 - 3854.00	2485.00 - 2495.00
N. Zealand	2.6470 - 2.6520	1.7125 - 1.7155
Saudi Ar.	5.7860 - 5.7915	3.7500 - 3.7510
Singapore	3.0155 - 3.0210	1.9520 - 1.9540
S. Af (Cm)	4.2770 - 4.2875	2.7705 - 2.7735
S. Af (Fn)	6.1645 - 6.2905	3.9920 - 4.0735
Taiwan	41.15 - 41.25	25.85 - 25.90
U.A.E.	5.6665 - 5.6720	3.6725 - 3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

June.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5395 - 1.5560	1.5445 - 1.5455	0.56-0.53cpm	4.23	1.78-1.74pm	4.56
Canada	1.8425 - 1.8610	1.8440 - 1.8450	0.32-0.21cpm	1.72	0.95-0.81pm	1.91
Netherlands	3.39¾ - 3.42¼	3.40¼ - 3.41¼	2-1¼cpm	6.60	5¾-5½pm	6.75
Belgium	63.00 - 63.65	63.15 - 63.25	29-25cpm	5.13	87-80pm	5.28
Denmark	11.75¼ - 11.82	11.76½ - 11.77½	4⅝-4¼orepm	4.52	14-13¼pm	4.67
Ireland	1.1300 - 1.1390	1.1325 - 1.1335	0.50-0.45ppm	5.03	1.40-1.30pm	5.47
W. Germany	3.01½ - 3.03¼	3.02 - 3.02½	1¾-1½pfpm	6.95	5¼-5⅛pm	6.95
Portugal	252.00 - 254.25	252.00 - 253.00	12-37cdis	-1.16	38-136dis	-1.38
Spain	192.30 - 194.45	192.30 - 192.60	19-9cpm	0.87	49-28pm	0.80
Italy	2183½ - 2201	2187½ - 2188½	3-2lirepm	1.37	11-8pm	1.74
Norway	11.01 - 11.07	11.02¼ - 11.03¼	3⅜-2⅞orepm	3.40	9¼-9¼pm	3.42
France	10.23½ - 10.31	10.25 - 10.26	4¼-3⅞cpm	4.68	12⅝-12¼pm	4.83
Sweden	10.23½ - 10.31¼	10.23¼ - 10.24¼	2¼-1⅞orepm	2.34	6¾-6pm	2.47
Japan	217 - 218	217 - 218	1⅝-1½ypm	8.28	4⅞-4½pm	8.51
Austria	21.19 - 21.38	21.19 - 21.22	12-10gropm	6.22	36-32pm	6.41
Switzerland	2.59½ - 2.61	2.59¼ - 2.60¼	1½-1¼cpm	6.63	4⅝-4⅛pm	6.92
ECU	1.4590 - 1.4655	1.4590 - 1.4600	0.60-0.57cpm	4.81	1.79-1.74pm	4.84

Commercial rates towards the end of London trading. Belgian rate is convertible francs. Financial franc 63.45-63.55. Six-month forward dollar 3.78-3.73cpm 12 months 7.10-7.00cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

June.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5395 - 1.5560	1.5445 - 1.5455	0.56-0.53cpm	4.23	1.78-1.74pm	4.56
Ireland†	1.3580 - 1.3670	1.3640 - 1.3650	0.10-0.15cdis	-1.10	0.08-0.18dis	-0.38
Canada	1.1930 - 1.1955	1.1935 - 1.1945	0.22-0.26cdis	-2.41	0.76-0.82dis	-2.64
Netherlands	2.1955 - 2.2100	2.2045 - 2.2065	0.45-0.43cpm	2.40	1.24-1.20pm	2.22
Belgium	40.75 - 41.00	40.85 - 40.95	4.20-2.70cpm	1.01	9.50-6.50pm	0.78
Denmark	7.58¾ - 7.62½	7.61½ - 7.62	0.35-0.10orepm	0.35	0.35pm-0.05dis	0.08
W. Germany	1.9470 - 1.9615	1.9565 - 1.9575	0.46-0.44pfpm	2.76	1.26-1.22pm	2.54
Portugal	163.05 - 163.55	163.40 - 163.40	53-78cdis	-4.83	220-280dis	-6.14
Spain	124.55 - 125.05	124.75 - 124.85	24-34cdis	-2.79	95-105dis	-3.21
Italy	1411¼ - 1418¼	1415¼ - 1416¼	3.00-3.50liredis	-2.76	9.60-10.30dis	-2.81
Norway	7.10½ - 7.14¼	7.13¾ - 7.14¼	0.32-0.57oredis	-0.75	1.75-2.05dis	-1.07
France	6.61 - 6.65	6.63½ - 6.64	0.27-0.22cpm	0.44	0.55-0.40pm	0.29
Sweden	6.60½ - 6.64¼	6.62¾ - 6.63¼	1.00-1.15oredis	-1.95	3.25-3.50dis	-2.04
Japan	139.85 - 141.15	140.75 - 140.85	0.50-0.48ypm	4.19	1.42-1.39pm	4.01
Austria	13.71½ - 13.78	13.77½ - 13.78	2.70-2.20gropm	2.14	7.50-6.00pm	1.97
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]		

EXCHANGE CROSS RATES

June.26	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.545	3.023	217.5	10.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.647	1	1.957	140.8	6.641	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.331	0.511	1	71.95	3.394	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.598	7.103	13.90	1000.	47.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	0.975	1.506	2.946	212.0	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.384	0.594	1.161	83.56	3.942	1	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.293	0.453	0.887	63.82	3.011	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.457	0.706	1.382	99.41	4.689	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.542	0.837	1.638	117.9	5.561	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.582	2.445	4.783	344.1	16.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Weaker tone, but no panic

SHORT STERLING weakened on Liffe yesterday, but the volume of trading was not exceptionally heavy, at around 23,000 for September delivery.

This was reasonably encouraging, according to traders, suggesting that there was no great sign of panic, ahead of today's UK trade figures for May.

September short sterling was sold as the pound lost ground. It opened a little weaker at 85.57 and fell to a low of 85.43, before closing at 85.46, compared with 85.62 on Friday.

Technical support is seen at around 85.40, but this is only likely to hold if today's trade announcement is better than generally expected. Little change from the April deficit of £1.66bn has been forecast, but the City has tended to revise up estimates of the likely trade gap in recent days.

Suggestions that this could be as high as £2bn did not help confidence yesterday, and the market believes that such a result will lead to a fall by sterling below DM3.00 or another rise in bank base rates. The present contract low for September short sterling is 85.27 and this could well be tested if the trade figures are bad. There is not much technical support between last night's close and the contract low and it will depend on base rates remaining at 14 per cent if this low is not to be broken.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
89	351	424	19	38
90	260	340	28	54
91	211	261	43	111
92	134	223	102	137
93	101	154	133	204
94	42	127	210	241
95	25	104	257	318

Estimated volume total, Calls 788 Puts 185
Previous day's open int. Calls 11144 Puts 13899

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
90	709	727	9	33
92	516	546	16	52
94	331	413	31	119
96	203	260	103	202
98	101	160	201	302
100	30	116	330	422
102	14	49	514	555

Estimated volume total, Calls 65 Puts 292
Previous day's open int. Calls 2256 Puts 2622

LIFFE BUND FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9350	166	180	15	44
9400	124	146	23	60
9450	91	117	40	81
9500	62	91	61	105
9550	40	70	89	134
9600	26	52	125	166
9650	15	38	164	202

Estimated volume total, Calls 1260 Puts 1729
Previous day's open int. Calls 12412 Puts 10976

LIFFE US OPTIONS

[illegible]		

LIFFE EURODOLLAR OPTIONS

[illegible]		

LIFFE SHORT STERLING

[illegible]		

LONDON (LIFFE)

[illegible]		

PHILADELPHIA SE £/$ OPTIONS

[illegible]		

CHICAGO

[illegible]		

BASE LENDING RATES

[illegible]		

EUROPEAN OPTIONS EXCHANGE

[illegible]		

TOTAL VOLUME IN CONTRACTS : 53,224
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

London rates firm

CONCERN ABOUT sterling and the approach of today's announcement of the UK trade figures pushed interest rates up on the London money market yesterday.

Three-month sterling interbank finished at 14¼-14⅛ per cent compared with 14⅛-14 per cent on Friday. Today's publication of the the May trade data is seen as an important test of confidence at a time when the pound is under pressure and sliding towards DM3.00. Recent indications from the Bank of England, such as the rejection of low bids at the Treasury bill tender on June 17, have pointed to the reluctance of the authorities to endorse another rise in bank base rates. Higher rates are not ruled out by the market however, if the balance of trade position worsens and the pound continues to fall.

UK clearing bank base lending rate 14 per cent from May 24

The Bank of England initially forecast a money market credit shortage of around £300m, but revised this to £400m at noon and to £450m in the afternoon. Total help of £296m was provided. The authorities did not operate in the market before lunch. In the afternoon £231m bank bills were bought in band 1 at 13⅞ per cent. Late assistance of around £65m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,255m. This factor was partly offset by Exchequer transactions adding £460m to liquidity; a fall in the note circulation of £475m and bank balances above target of £35m.

In Frankfurt call money rose to 6.40 per cent from 6.35 per cent yesterday as credit tightened. Fears that conditions will become more difficult, as the month draws to an end, led to anincreased demand for funds and a sharp fall in banks' reserve holdings with the Bundesbank. This led to suggestions that call money could touch the 6.50 per cent Lombard level before Thursday's Bundesbank council meeting. Concern about inflation is believed to be increasing in official circles, but a slow down in West German money supply growth means the market does not expect the Bundesbank to increase interest rates this week.

News that banks' reserve holdings at the central bank fell to DM47.2bn on Thursday from DM51.9bn on Wednesday put upward pressure on call money. Pension payments are expected to increase the demand for credit, leading to a further rise in call money later this week and increased use of the Lombard emergency borrowing facility.

FT LONDON INTERBANK FIXING

[illegible]		

MONEY RATES

[illegible]		

LONDON MONEY RATES

[illegible]		

COMPANY NOTICES

JOTTER PAD

CROSSWORD

No.6,970 Set by DANTE

ACROSS

1 Neighbourly get-together (6)
4 Party windbags? (8)
9 and 10 Competitively sanctimonious (6,4,4)
12 List includes advert for a vehicle (8)
13 Turn up with skin trouble (6)
15 and 16 Make uncomplimentary remarks about the actors? (4,10)
19 and 20 Station hold up for visitor from Peru (10,4)
23 A meeting that seeks spiritual guidance (6)
25 When the playing stops the dance is finished (4,4)
27 Hip seams split by stress (8)
28 Girl carries on in Juliet's place (6)
29 Are out in storm, breaking at last (8)
30 Tenant not having so many points (6)

DOWN

1 Form of ciphers (7)
2 Went to pieces finding the old places all changed (9)
3 Disinclined to write an article on poetry (6)
5 Yearn to feel discomfort (4)
6 Droop when left with misery (8)
7 Circle to the right as an alternative (5)
8 Complaints of wives about the weekend (7)
11 A communication you'll understand when you get it (7)
14 Shy indeed, but lured into a trap (7)
17 Musical show high-spots for workers (9)
18 Say no to getting a record by mail order (8)
19 He was famous as a chemist over half Europe (7)
21 Eels are wriggling free (7)
22 Stick the notice in this place (6)
24 A Greek style (5)
26 Non-striking teacher? (4)

Solution to Puzzle No.6,969

هكذا اصل الأصل

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY (continued)
[illegible]

GERMANY
[illegible]

ITALY (continued)
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

ITALY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

JAPAN
[illegible]

AUSTRALIA (continued)
[illegible]

HONG KONG
[illegible]

AUSTRALIA
[illegible]

SINGAPORE
[illegible]

CANADA

TORONTO
Closing prices June 23

[illegible]

MONTREAL
Closing prices June 23

[illegible]

INDICES

NEW YORK — DOW JONES

	June 23	June 22	June 21	June 20	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2531.87	2482.17	2464.91	2472.88	2531.87 (23/6)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	91.80	91.46	91.78	91.94	92.52 (14/6)	87.35 (23/3)	–	–
Transport	1186.45	1177.88	1170.69	1167.37	1186.45 (23/6)	959.95 (3/1)	1186.45 (23/6/89)	12.32 (8/7/32)
Utilities	210.53	207.21	205.07	205.67	210.53 (23/6)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2536.04 (2489.76) Low 2490.14 (2452.77)

STANDARD AND POOR'S	June 23	June 22	June 21	June 20	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	328.00	322.32	320.48	321.25	328.00 (23/6)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	375.06	368.43	368.21	367.37	375.06 (23/6)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	31.13	30.65	30.60	30.80	31.13 (23/6)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	182.86	180.05	179.18	179.50	182.86 (23/6)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	364.25	362.21	361.07	361.72	366.16 (9/6)	305.24 (3/1)	366.16 (9/6/89)	29.31 (9/12/72)
NASDAQ OTC Comp	448.36	445.33	443.86	444.58	453.65 (9/6)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Jun 16	Jun 9	Jun 2	year ago (approx.)
Dow Industrial Div. Yield	3.59	3.51	3.38	3.55

	June 21	June 14	June 7	year ago (approx.)
S & P Industrial div. yield	3.05	3.00	2.98	3.03
S & P Indl. P/E ratio	13.48	13.62	13.79	14.42

TRADING ACTIVITY

† Volume Millions

	June 23	June 22	June 21
New York	199.446	179.118	169.811
Amex	15.690	12.732	11.822
OTC	153.145	132.786	136.402

NEW YORK	June 23	June 22	June 21
Issues Traded	1,969	1,942	1,937
Rises	1,065	809	595
Falls	430	615	833
Unchanged	474	518	509
New Highs	149	67	67
New Lows	16	12	22

CANADA

TORONTO	June 23	June 22	June 21	June 20	1989 High	1989 Low
Metals & Minerals	3344.7	3253.8	3237.1	3296.1	3564.9 (6/2)	3207.5 (3/1)
Composite	3773.2	3740.1	3730.4	3747.0	3806.1 (8/6)	3350.5 (6/1)
MONTREAL Portfolio	1908.11	1888.43	1884.17	1899.26	1948.46 (9/6)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Am T & T	8,983,700	37	+ ⅞
Prime Comp	3,730,400	19	+ 3⅛
Smithkline Beck	2,240,500	62⅜	+ 1⅛
Fst Intr A	2,207,700	1⅝	+ ⅝
Waltman Corp	2,154,900	37⅛	+ 1⅝
IBM	2,127,900	110⅞	+ 1⅝
Unisys Corp	2,071,800	24⅞	+ ½
Gen Electric	1,725,800	54¼	+ 1⅛
Interco	1,461,800	2⅝	– ⅛
Sears Roebuck	1,392,600	44⅞	– ¼

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 26	June 23	June 22	June 21	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1509.4	1510.6	1513.5	1528.2	1583.7 (23/5)	1412.9 (7/4)
All Mining (1/1/80)	686.2	683.5	681.2	690.8	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	359.31	361.80	364.28	366.67	366.67 (21/6)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6108.27	6079.84	6096.00	6126.26	6158.43 (13/6)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	(u)	(u)	319.37	334.89 (16/6)	275.49 (27/2)
FINLAND						
Unitas General (1975)	(u)	(c)	780.1	783.5	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	491.0	488.3	481.7	481.2	491.0 (26/6)	417.9 (4/1)
Ind. Tendance (30/12/88)	114.6	114.5	113.1	113.0	114.6 (26/6)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	617.12	619.11	618.56	615.05	619.11 (23/6)	535.78 (27/2)
Commerzbank (1/12/53)	1844.6	1844.3	1844.2	1829.5	1844.6 (26/6)	1595.7 (27/2)
DAX (30/12/87)	1487.75	1491.20	1483.83	1474.61	1491.20 (23/6)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2266.57	2219.00	2231.82	2272.50	3309.64 (15/5)	2093.61 (5/6)
ITALY						
Banca Com. Ital. (1972)	648.54	647.84	646.93	643.44	651.72 (16/6)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33625.82	33530.71	33324.97	33345.2	34266.75 (31/5)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2489.80	2486.23	2473.54	2469.40	2544.60 (8/5)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	251.7	251.0	250.1	251.6	251.7 (26/6)	208.3 (3/1)
CBS All Shr (End 1983)	196.0	195.4	194.8	195.9	196.0 (26/6)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	644.38	640.81	631.55	630.66	665.61 (19/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1287.58	1290.29	1294.43	1302.30	1310.02 (17/5)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1539.0	1482.0	1475.0	1421.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2613.0	2576.0	2566.0	2535.0	2613.0 (26/6)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	309.75	309.04	310.05	311.15	315.90 (13/6)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4161.2	(c)	4126.6	4125.5	4161.2 (26/6)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	741.9	746.5	745.5	746.8	746.8 (21/6)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	510.4	503.0	494.7	519.0 (17/2)	487.6 (13/6)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday June 26 1989

	Stocks Traded	Closing Prices	Change on day
[illegible]	18.6m	1,210	-40
Obbayashi Corp.	14.9m	1,850	+40
IHI	14.1m	1,180	-20
[illegible]	11.7m	1,580	+110
Furukawa Elec	10.1m	1,300	+30
Fujita Corp	9.8m	1,980	+130
Canon	8.7m	2,000	0
Hitachi Zosen	8.0m	886	-3
Mitsubishi Elec	6.8m	1,210	0
Toshiba	5.5m	1,400	+10

2pm prices June 26

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
32⅛	21¾	AAR	.46	1.5	20	389	30	29	30	+ ⅛
10⅛	8⅞	ACM n	1.01	11.		89	9⅛	9⅛	9⅛	– ⅛
11⅞	10⅛	ACMIn	1.28a	11.		164	11⅛	11	11	– ⅛
10⅛	8½	ACM M	n1.01	11.		134	9½	9⅜	9½	+ ⅛
11⅞	10	ACM Sc	1.26	11.		x475	11⅛	10⅞	11	+ ⅛
9⅞	8⅞	ACMSp	1.01	11.		237	9⅛	9	9	
17⅛	10⅞	AL Lab	.12	.7	18	28	16⅜	16½	16⅝	
4⅞	3⅛	AMCA	.12e	3.0	27	50	4	3⅞	4	
6⅞	4⅛	AM Intl				665	5⅛	5⅛	5⅛	– ⅛
23½	19⅛	AM In pf	2	9.3		11	21½	21½	21½	+ ⅛
65⅞	40⅞	AMR			8	2168	u65⅛	64½	65	– ⅛
27	25	AMR pf	2.67	10.		64	25⅜	25⅛	25⅛	+ ⅛
8⅞	3⅞	ARX				45	4⅛	4	4	– ⅛
48⅛	35⅛	ASA	3a	7.3		110	41⅝	41⅛	41⅝	– ⅜
22⅞	15⅛	AVX	.24	1.2	10	4	20⅞	20⅞	20⅞	
61⅛	43½	AbtLab	1.40	2.4	17	4407	59⅜	58⅛	59½	+ 1½
18	15⅞	Abitibi g	1			42	16⅛	15⅞	16	– ⅛
13	7½	AcmeC	.40	3.3		50	12⅛	12	12	
8	5⅞	AcmeE	.32	4.1	18	10	7⅞	7⅛	7⅞	+ ⅛
34⅞	20⅛	Acuson			26	96	33⅛	32⅛	32⅞	– ⅛
18⅞	14⅛	AdaEx	1.82e	12.		64	15⅝	15½	15½	
16⅞	7⅛	AMD				1022	10⅛	10	10⅛	– ⅛
43½	28⅛	AMD pf	3	9.0		5	33⅛	33⅛	33⅛	+ ⅛
10⅛	6½	Adobe				82	10	9⅞	10	
18⅞	16½	Adob pf	1.84	10.		10	18	17⅞	17⅞	– ⅛
21⅞	18⅞	Adob pf	2.40	11.		4	20⅞	20⅞	20⅞	– ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous Page										
24⅞	15⅜	SFePCp				877	23⅝	23⅛	23½	
57⅞	35½	SaraLee	1.44	2.5	17	1358	u57⅞	56½	57⅛	+ ⅜
26	23⅝	SavE pfA2.37		9.4		x20	25¼	25⅛	25⅛	− ⅛
15-32	3-16	Savin				919	9-32	¼	9-32	
8½	4⅞	Savn pfB.80		14.		1	6⅛	5⅞	6⅛	
33½	29⅝	SCANA	2.46	7.4	12	66	33⅜	33¼	33¼	+ ⅛
9⅝	6⅞	Schlr	.26e	2.7		126	9⅝	9½	9½	− ⅛
69½	48½	SchrPlg	1.80	2.6	19	1105	68¼	67⅞	68	+ ½
40⅝	30⅞	Schlmb	1.20	3.1	23	1800	39⅛	38⅝	39	+ ¼
12⅞	6⅛	Schwb	.08e	.3	34	57	12⅛	12	12	− ⅛
17	8⅝	Schwitz n				45	10⅞	10½	10⅝	− ⅜
19⅛	10⅞	SciAtl	.12	.6	19	884	19	18¾	18⅞	− ⅛
14½	11⅞	Scotm n.03e		.2		x62	13¼	13⅛	13¼	+ ⅛
49⅝	34⅞	ScottP	.80	1.8	8	1097	45⅞	45⅛	45¼	− ⅛
16½	10½	Scottys	.52	3.2	33	386	16½	16⅜	16½	+ ⅛
10½	8⅛	ScudNA	.07e	.7		200	9⅝	9⅝	9⅝	
74⅛	22⅛	SeaCnt	.45e	.6	20	4687	73⅛	70⅛	71	− 1½
14⅝	12⅛	SeaCt pf1.46		11.		14	13½	13⅛	13½	
17⅞	15	SeaC pfB2.10		14.		x12	14⅞	d14½	14½	− ⅜
17⅞	15½	SeaC pfC2.10		14.		x74	15⅞	d15	15⅛	− ⅛
119⅞	48	SeaC pfD4.12		3.5		x26	117	117	117	+ ⅞
77⅞	52⅛	Seagrm	1.40	1.9	12	727	75⅛	75	75	− ⅜
21⅞	12⅞	Seagul			14	16	19½	19⅛	19⅛	− ⅛
17⅛	10⅞	SealAr n			5	446	17	16	16	− ⅝
48⅛	34⅛	Sears	2	4.5	15	6958	44⅞	44½	44⅞	− ⅛
48⅛	39⅛	SecPac	2.28	4.9	8	918	46⅝	46⅛	46½	− ⅜
70	56⅝	SequaA	.60	.9	10	18	67½	67½	67½	+ ½
72½	60½	SequaB	.50	.7	11	17	70¼	70⅛	70¼	− ⅛
21½	15⅛	SvceCp	.56	2.9		409	19½	19⅛	19⅛	− ⅜
[illegible]										
− X−Y−Z −										
69	51⅛	Xerox	3	4.7	18	1672	64	63⅝	63⅞	− ⅛
44⅛	31	XTRA	.72	2.2	14	50	32½	32⅛	32⅛	− ⅛
33	25	XTRA pf1.94		7.5		30	26⅛	26	26	
3⅞	2	Zapata				546	2⅞	2⅝	2⅝	− ⅛
28⅞	19½	ZenithE			861	1487	19⅞	19½	19⅝	
10⅞	8⅞	Zenlac	1.26	13.		97	9⅝	9½	9⅝	+ ⅛
2⅞	1	vjZenLb				99	1⅝	1⅝	1⅝	
21½	15	ZenNtl	.84	4.4	9	183	19⅞	19⅛	19⅛	
22	14⅞	Zero	.44	2.0	17	66	22	21⅞	21⅞	+ ⅛
38⅞	30	Zurnin	.68	1.8	19	447	37⅞	37⅜	37½	+ ⅛
11⅞	10	Zweig	1.09e	9.4		329	11⅝	11½	11⅝	+ ⅛
10⅛	8⅞	Zweig n	.95	10.		1163	9⅝	9½	9⅝	+ ⅛

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices June 26

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2pm prices June 26

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

AMERICA

Dull Dow immune to bond rally

Wall Street

A QUIET morning on Wall Street saw stocks drifting downwards in moderate activity, with traders taking profits in the wake of Friday's surge, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was down 13.09 points at 2,518.78. Advancing issues had a slight edge on those declining. At 2 pm the Transportation index, which closed at an all-time high on Friday, was up 0.65 points at 1,187.1.

Bullish sentiment in the debt market did not carry through into equity trading. The bond market's rally was prompted by last week's *economic data* suggesting that the US economy was weakening. In the early afternoon the Treasury's bellwether long bond was quoted ⅜ of a point higher at 103⅛ yielding 8.13. Fed funds were 9¼ per cent at midsession, and the Fed did not enter the market.

The dollar also rallied yesterday in moderate trading. In the early afternoon it was at Y140.80 and DM1.9570, up from Y138.85 and DM1.9425 late on Friday in New York. Crude oil futures also posted gains in early trading on the New York Mercantile Exchange.

In the absence of any economic news, both the stock and bond markets are now looking to Wednesday's release of leading economic indicators which analysts expect to post a decline in the region of 0.8 to 0.9 per cent.

Columbia Pictures, which produced the summer season hit Ghostbusters II, was the most active of studio shares, adding $1⅛ to $22⅞ amid take-over speculation. Such rumours have surrounded the company in recent months and Columbia declined to comment on the stock's activity.

Coca-Cola, which holds a 49 per cent stake in Columbia, dropped $⅜ to $58⅞. Disney added $⅜ to $95⅞.

Of the bid stocks, Paramount, Warner Communications and Time Inc were among the most active issues in afternoon trading on the New York Stock Exchange.

Time jumped $4⅞ to $170, although still lower than the $200 bid from Paramount. Paramount was unchanged at $58. Warner, which agreed to be acquired by Time for $70 a share, fell $⅜ to $58⅛.

Holly Farms, the chicken producer which has accepted a bid of $70 a share, worth about $1.4bn, from Tyson foods, was up $⅛ at $69⅞. Tyson also added $⅛ to $18⅞ in over-the-counter trading. ConAgra, which agreed to accept $50m for dropping its bid for Holly Farms, rose $⅜ to $36⅛.

Prime Computer, which last week agreed to be acquired for $21.50 a share by J.H. Whitney, a private investment group, fell $⅛ to $18⅛.

IBM the biggest US computer manufacturer, rose $1⅛ to $112⅛ in heavy trading.

Ford Motors, which yesterday said it would close two of its largest plants, laying off about 4,500 employees, was unchanged from Friday's close at $49. Although the US automobile industry reported disappointing mid-June sales, General Motors added $⅛ to $41⅛. Chrysler fell $⅛ to $25⅞.

A number of oil companies posted gains including Exxon which rose $⅜ to $45, Chevron, up $⅛ to $53⅞, and Amoco, $⅛ higher at $45⅞. Mobil was down $⅛ at $49⅛. Royal Dutch Petroleum dipped $⅞ to $83.

Among blue chip issues, Philip Morris fell $1⅛ to $142. General Electric was down $⅜ at $54⅞.

Canada

THE MARKET was mixed in Toronto where stocks rose slightly at midday as the composite index edged up 2.7 to 3,775.90 on volume of 11.9m shares.

Gold stocks slipped back. Placer Dome fell C$⅛ to C$16⅞ and Hemlo C$⅛ to C$14⅞. Louvem, up 50 cents at C$3.70, and Aur, up C$⅛ at C$8⅛, continued to gain on the news of a copper-zinc-gold find.

Charan Industries, which announced a refinancing plan last week and has the rights to distribute Batman products in Canada, led the most active industrials list, rising 15 cents to C$2.30.

Japan regains some lost ground

By Alison Maitland

A RESPITE in the dollar's surge against the yen provided the Japanese market with a chance to make up some lost ground last week and contributed to a healthy showing for the FT-Actuaries World Index.

Japan climbed 2 per cent during the week as the US currency lost steam and the yen picked up sharply in the foreign exchange markets.

But the gains in Japanese equities were not entirely convincing – turnover was very thin and investors seemed to be nervous that the yen's precipitous rise could just as quickly be reversed.

There was also concern over the prospects for the ruling Liberal Democratic Party in forthcoming elections to the Tokyo municipal assembly and the Upper House of the Diet (parliament). On the other hand, investment trusts were actively buying on some days last week, providing the market with a degree of support.

None the less, the market's overall progress this year has been sluggish, with the Japanese index up just 4.7 per cent compared with a rise of 11.2 per cent in the World Index in local currency terms.

The World Index rose 1.7 per cent last week, helped not only by Japan but also by good performances in the US (up 1.9 per cent) and in the UK (up 1.1 per cent). Most of the US gains were concentrated at the end of the week after a set of durable goods orders indicating a slowdown in the economy; the UK advance was based on take-over fever and a more resilient performance by the pound, but investors remained wary about the currency outlook.

Mexico was again by far the best performer among the 24 markets covered, gaining 8.6 per cent to take its rise this year to a remarkable 78.2 per cent. Hong Kong stayed at the bottom of the league, sliding 5.8 per cent last week to show a loss this year of 17.6 per cent.

Continental Europe had a very mixed week. Norway led gains with a rise of 4.3 per cent, followed by Germany, Switzerland and France, while Spain and most of the smaller bourses retreated.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change in sterling †
	1 Week	4 Weeks	1 Year	Start of 1989	Start of 1989
Austria	-0.60	+3.12	+58.30	+41.23	+49.01
Belgium	-1.12	-1.63	+14.94	+4.65	+10.73
Denmark	-1.55	+10.95	+67.30	+26.41	+32.77
Finland	-1.41	-3.05	+8.34	+12.94	+24.92
France	+2.03	+1.82	+36.46	+15.20	+22.46
West Germany	+3.91	+7.68	+29.72	+12.73	+19.08
Ireland	-0.60	-4.61	+6.11	+11.92	+17.99
Italy	-0.84	+7.35	+22.92	+6.72	+14.48
Netherlands	+0.47	+2.07	+22.95	+17.17	+24.09
Norway	+4.26	+1.76	+58.58	+41.32	+51.60
Spain	-1.32	-1.16	-0.50	+9.55	+15.42
Sweden	-0.32	+1.82	+46.52	+22.77	+32.17
Switzerland	+2.07	+12.06	+12.43	+15.30	+20.19
UK	+1.07	+0.69	+15.17	+19.74	+19.74
EUROPE	+1.22	+2.80	+20.56	+16.20	+19.93
Australia	-1.50	-2.00	-3.32	+1.69	+5.70
Hong Kong	-5.75	-22.63	-15.60	-17.64	-4.77
Japan	+2.00	-2.10	+17.08	+4.67	+9.14
Malaysia	-0.34	+0.53	+22.58	+24.55	+44.27
New Zealand	+0.03	+4.40	+0.31	+7.35	+15.51
Singapore	-0.66	+1.38	+23.91	+27.89	+46.96
Canada	+0.95	+2.21	+8.58	+12.33	+29.91
USA	+1.93	+1.93	+19.66	+18.06	+36.30
Mexico	+8.57	+19.10	+72.17	+78.22	+88.56
South Africa	+1.75	+8.20	+50.92	+31.27	+44.85
WORLD INDEX	+1.69	+0.23	+18.16	+11.19	+19.84

† Based on June 23rd 1989

ASIA PACIFIC

Investors stay away in face of mixed news

Tokyo

TORN between conflicting news of a steadier yen and a by-election defeat for the Liberal Democratic Party, the Japanese equity market showed mixed trends in very thin trading, *writes Yuriko Mita in Tokyo.*

The yen's stability and Wall Street's gains on Friday enabled the market to open on a firm note and it was further bolstered by index-linked buying by investment trusts.

Trading turned mixed in the afternoon, as the market was caught in the cross-currents of arbitrage selling and more index-lined buying by investment trusts.

The Nikkei average managed to close 95.11 points higher at 33,625.82 after moving between a high of 33,692.95 and a low of 33,524.95. Advances just led declines 455 to 445, with 181 issues unchanged.

Volume remained very thin at 442m shares. The Topix index of all listed shares climbed 3.57 to 2,489.80, but in London trading the ISE/Nikkei 50 index fell 0.71 to 1,980.21.

The mood in Tokyo was coloured by wariness due to the shaky political climate. The significant LDP by-election defeat over the weekend and the increasing unpopularity of Prime Minister Sousuke Uno's cabinet have made investors unwilling to act. Trading is likely to remain at relatively low volumes until after the Tokyo Metropolitan Assembly elections next week, in which the LDP is expected to fare badly.

Securities house dealers also refrained from taking new long positions before today, the last trading day for the June account.

Pursuing their pattern of last week, heavy-capital and ship-building issues were active. Mitsubishi Heavy Industries, most actively traded on volume of 18.64m shares, finished at Y1,210, down Y40, after profit-taking in the afternoon.

Ohbayashi Corporation, one of the five largest construction companies, was second most actively traded, closing Y40 higher at Y1,850, with 14.9m shares changing hands. Kawasaki Heavy Industries lost Y20 to Y1,180 with 14.1m shares changing hands, making it the third most active issue.

Demand for constructions was high, fuelled by hints from the Ministry of Construction that the building of condominiums may be permitted in a location an hour away from central Tokyo in the next 10 years.

The Osaka market recorded a 37.75 point increase to 32,329.75, with 61.19m shares changing hands.

Roundup

A QUIET day for most leading Asia Pacific markets left share prices mixed, although Australia was enlivened by sharp declines in certain stocks.

AUSTRALIA slipped in a quiet session marked by steep falls in individual stocks. The All Ordinaries index lost 1.2 to 1,509.4 in turnover of about 90m shares.

Hooker plunged 20 cents, or 40 per cent, to 30 cents on news that bankers had granted the company a four-month moratorium on debt repayments to allow it to trade through its difficulties. A total of 4.1m shares changed hands.

Bond Corp fell 9 cents, or 8 per cent, to A$1.01 after the Australian Broadcasting Tribunal found that Mr Alan Bond was not a fit and proper person to hold broadcasting licences. Bond Media was unchanged at 29 cents. Bell Resources, a Bond subsidiary, was suspended at 91 cents over its A$3.5bn plan to buy Bond Corp's brewing interests.

HONG KONG rose in light trading, encouraged by news of the appointment of a new leader of the Communist Party in China, which suggested a more stable period.

The Hang Seng index gained 47.57, or 2 per cent, to 2,266.57. Turnover was modest at HK$767m, compared with HK$755m on Friday.

SINGAPORE eased, but late bargain-hunting lifted shares above their lows. The Straits Times Industrial index fell 2.71 to 1,287.58.

Institutional buyers stayed on the sidelines and volume shrank to 76.5m shares from Friday's 81m.

Taiwan hit by fraud allegations

A FRAUD scandal which threatens the careers of Taiwan's biggest stock market players sent share prices plunging yesterday, *Reuters reports from Taipei.*

Panic selling was sparked by news over the weekend that two employees of the island's most influential brokers were being detained for questioning in connection with a scandal that involves illegal trading using dummy accounts.

The weighted index plummeted 463.72 to 9,309.47, almost the maximum daily fall of 5 per cent permitted under stock exchange rules.

The broker at the centre of the spreading scandal is Mr Yu Huai-yen, chairman of Fu Lung Securities Company and uncrowned king of a market that moves virtually at the command of a small group of very wealthy individuals.

Police allege that two of his employees illegally obtained identity cards of 50 college students and opened trading accounts in their names.

Dummy accounts are used widely in Taiwan to beat a tax on profits on sales of shares introduced this year.

"This is a message to the manipulators: 'The party's over, clean up your act'," said Mr John Crossman, a senior manager with Jardine Fleming in Taiwan.

"It looks like a sell-off," he added, saying he expected the market to fall to almost 8,000 before finding support.

On Saturday, the secretary of Mr Weng Ta-ming, another influential market player, was also detained. Police alleged she used the identity cards of job seekers at one of his companies to open accounts.

Legions of small investors follow the so-called "big hands" who propel prices on the bourse.

They search for stocks which are being artificially boosted and leap in, hoping to ride the wave.

There are about 2.7m stock trading accounts in Taiwan, and many are said to be opened by traders in the names of farmers, taxi drivers and housewives who take a commission.

Brokers said they believed the Securities and Exchange Commission, which regulates trading, had deliberately exposed the scandal to cool a market that has more than doubled in value this year.

EUROPE

Bourses lack direction and take a breather

EUROPEAN bourses made little progress yesterday as profit-taking offset small gains, *writes Our Markets Staff.*

FRANKFURT saw a modicum of consolidation after its rise to post-crash peaks, but optimism remained high. One analyst said: "We can expect a few days of dull volume and some consolidation, but the underlying tone is still very firm."

Good corporate results, the strength of the D-Mark against sterling and reasonably stable interest rates have contributed to confidence.

The DAX index fell 3.45 to 1,487.75 and the FAZ eased 1.99 to 617.12. Turnover was active at DM5.43bn, but below last week's highs.

Henkel, the chemicals company, saw its preference shares slip DM4.50 to DM535.50 after gaining DM18.50 on Friday. It announced sales up 12 per cent for the first five months of the year and predicted a rise in annual profits.

Hoesch, the most active issue, shed DM13 to DM273 after going ex a DM8 dividend. It forecast good profits this year and reported five-month sales up 11 per cent.

The retail sector was mostly unchanged or higher after settlement of a government dispute with the retailing union over a longer working week. *Hussel gained DM5.50 to* DM605.

PARIS disappointed the optimists by failing to build solidly on Friday's 1.4 per cent gain. A sharp fall in the Michelin share price knocked already cautious sentiment and shares ended the day barely changed.

Michelin tumbled FFr19.70, or 9 per cent, to FFr195.20 after speculation about good news from a meeting with analysts late on Friday was replaced by the company's acquisition of National Tyre Service of the UK from BTR, a move analysts fear will affect earnings this year and next.

The French market was also held back by the lack of further progress in early Wall Street trading. "We feel a lot of investors are somewhat cautious at the moment," said one broker. "They don't want to increase their exposure to the market, so whenever they buy a new stock they take profits in another stock."

Peugeot gained FFr33 to FFr1,733 amid expectations of a positive annual general meeting tomorrow. Profit-taking hit Pechiney after its strong run last week, with the investment certificates losing FFr16.40 to FFr373 in active trading.

The OMF 50 index ended 0.28 higher at 503.13 and the CAC 40 index was off 0.26 at 1,760.10. The opening CAC General index hit a new high of 491.00, up 2.74.

ZURICH had a dull day and most stocks suffered small losses. The Crédit Suisse index lost 3.5 to 605.1.

Food group Jacobs Suchard's registered shares slumped SFr110, or 7 per cent, to SFr1,420 – a fall described by one saleswoman as "a little odd" – while its bearers rose SFr25 to SFr7,250. Suchard said last week that foreigners would be able to own its registered shares for the first time.

In the same sector, Nestlé bearers slipped SFr30 to SFr7,750 on the first day of the company's listing on London's International Stock Exchange. The saleswoman said she did not expect the listing to affect the price greatly, as London brokers would already have been recommending the stock.

MILAN attracted profit-taking after an early advance and shares ended only slightly higher. The Comit index rose 0.7 to 648.54.

Fiat continued to perform well, picking up L155 to L10,400. The company is expected to give more details of its share buy-back plan at its annual meeting on Friday.

Generali, the insurance company, gained L200 to L42,800 after its weekend announcement of strong profits for 1988.

AMSTERDAM had a thin, weak session with turnover of only Fl 585m, well below last week's levels. The CBS tendency index shed 1.1 to 190.9.

Foreign interest was minimal and one analyst suggested US and UK investors might have switched out of the Netherlands into their home markets to play the spate of takeover battles.

Hoogovens, the steel stock, saw heavy profit-taking with a fall of Fl 2.90 to Fl 114.10, which still leaves it up about 60 per cent on the year.

One of the few bits of news was the announcement by SHV Holdings, a private company, that it had built up a 12 per cent stake in retailer Ahold over the past 18 months and was considering selling it. Ahold eased 40 cents to Fl 122.

STOCKHOLM was pulled higher by strong gains from blue chips Ericsson and Astra. The Affärsvärlden closed 7.8 up at 1,214.5.

Free B-shares in Ericsson rose SKr14 to SKr575 on continued confidence in the telecommunications group's performance. Astra's restricted A-shares climbed SKr9 to SKr302 on hopes for Losec, the pharmaceutical group's new anti-ulcer drug.

BRUSSELS closed mixed to higher in very light trading with the cash index up 28.43 at 6,108.27.

Société Générale, which said its issue of 7m shares was over-subscribed, closed unchanged at BFr4,675. However, two of the group's subsidiaries that are in the process of reorganisation, closed higher: Gechem, against the trend in the chemical sector, added BFr14 to BFr1,138 and ACEC, an engineering company, rose BFr6 to BFr528.

Arbed, the Luxembourg steel group, which climbed last week on news that it expected to pay an ordinary share dividend for the first time since 1975, fell BFr100 to BFr6,240 on profit-taking.

MADRID had another indecisive day, with the general index edging up 0.52 to 309.75 in weak volume estimated to be below $100m.

The banking sector, which has a hefty weighting in the index, remained out of favour.

SOUTH AFRICA

THE FIRM gold price and weaker financial rand helped lift leading shares which closed sharply higher in Johannesburg.

Gold issues led the advance. Vaal Reefs added R15 to R325 and Freegold R2 to R32. In mining financials Anglos rose R4.75 to R92.75.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JUNE 23 1989						THURSDAY JUNE 22 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (84)	132.30	−1.2	125.17	114.48	−0.3	5.15	133.92	127.84	114.81	157.12	128.28	146.83
Austria (19)	123.84	+0.3	117.17	125.17	−0.2	2.12	123.47	117.88	125.46	124.16	92.84	84.25
Belgium (63)	129.58	+0.4	122.60	130.22	−0.1	4.22	129.12	123.26	130.39	137.10	125.58	121.05
Canada (123)	141.27	+1.1	133.66	121.88	+1.0	3.28	139.79	133.45	120.71	141.80	124.67	128.91
Denmark (38)	195.96	+1.2	185.40	200.96	+0.4	1.68	193.65	184.87	200.17	195.96	165.35	128.89
Finland (26)	141.62	+0.4	133.99	129.12	+0.0	1.63	141.08	134.68	129.12	159.16	125.81	133.38
France (128)	122.05	+2.3	115.47	125.92	+1.2	3.01	119.26	113.85	124.45	122.79	112.57	96.18
West Germany (100)	90.72	+1.4	85.83	91.45	+0.4	2.22	89.45	85.39	91.12	90.72	79.56	74.55
Hong Kong (49)	92.23	−0.6	87.26	92.30	−0.6	5.80	92.77	88.56	92.84	140.33	86.41	109.20
Ireland (17)	134.69	−0.4	127.43	138.13	−0.9	3.05	135.17	129.04	139.38	151.36	125.00	137.39
Italy (97)	84.41	+1.3	79.87	88.61	+0.0	2.61	83.34	79.56	88.57	86.88	74.97	71.98
Japan (455)	181.04	+2.5	171.29	158.38	+0.6	0.50	176.70	168.69	157.49	200.11	164.22	163.85
Malaysia (36)	179.35	+0.0	169.68	186.46	−0.1	2.57	179.37	171.24	186.56	185.03	143.35	151.50
Mexico (13)	264.33	−2.8	250.09	721.36	+1.1	0.70	271.98	259.65	713.84	271.98	153.32	167.70
Netherland (42)	120.82	+1.3	114.31	120.38	+0.3	4.30	119.24	113.83	120.05	122.22	110.63	104.75
New Zealand (24)	67.64	−0.1	63.99	61.17	−0.2	6.07	67.74	64.67	61.28	76.02	62.64	81.45
Norway (26)	182.44	+3.2	172.61	174.95	+2.4	1.47	176.83	168.81	170.89	198.39	139.92	124.85
Singapore (26)	159.26	−0.2	150.68	143.39	−0.2	1.94	159.52	152.29	143.64	161.98	124.57	123.28
South Africa (60)	146.61	+0.5	138.71	128.96	+0.5	4.15	145.81	139.20	128.26	146.61	115.35	124.13
Spain (43)	148.36	+0.0	140.36	139.53	−0.4	3.62	148.29	141.56	140.08	156.17	143.14	155.09
Sweden (35)	165.56	+0.8	156.64	160.97	+0.0	2.13	164.31	156.86	160.97	165.56	138.45	119.38
Switzerland (57)	81.29	+1.7	76.91	83.86	+0.3	2.29	79.91	76.29	83.60	81.29	67.81	79.82
United Kingdom (314)	140.35	+0.4	132.79	132.79	−0.5	4.40	139.86	133.52	133.52	153.33	133.28	134.15
USA (555)	133.62	+1.7	126.43	133.62	+1.7	3.36	131.44	125.48	131.44	133.62	112.13	111.67
Europe (1005)	119.15	+0.9	112.73	116.82	+0.0	3.51	118.03	112.68	116.84	121.70	112.63	106.96
Nordic (125)	161.13	+1.1	152.45	153.39	+0.4	1.85	159.35	152.12	152.82	161.13	137.95	115.14
Pacific Basin (674)	175.93	+2.3	166.45	154.32	+0.5	0.73	172.00	164.20	153.53	194.72	160.44	160.98
Euro−Pacific (1679)	153.27	+1.9	145.01	139.29	+0.3	1.61	150.48	143.65	138.81	164.22	141.56	139.39
North America (678)	133.99	+1.6	126.77	132.90	+1.6	3.35	131.84	125.86	130.78	133.99	112.79	112.58
Europe Ex. UK (691)	105.57	+1.4	99.88	106.93	+0.4	2.85	104.11	99.39	106.53	105.57	96.30	90.07
Pacific Ex. Japan (219)	114.76	−0.8	108.58	103.79	−0.3	5.01	115.74	110.49	104.15	137.65	111.93	126.36
World Ex. US (1875)	152.85	+1.8	144.62	138.81	+0.4	1.69	150.13	143.33	138.30	162.77	141.49	138.91
World Ex. UK (2116)	145.44	+1.9	137.61	137.46	+0.9	2.03	142.73	136.26	136.20	146.04	136.98	127.78
World Ex. So. Af. (2370)	144.96	+1.8	137.15	137.07	+0.8	2.23	142.44	135.98	135.99	146.65	136.67	128.35
World Ex. Japan (1975)	127.89	+1.3	121.00	126.15	+1.0	3.48	126.28	120.55	124.95	127.89	114.51	111.31
The World Index (2430)	144.97	+1.8	137.16	137.01	+0.8	2.24	142.46	136.00	135.93	146.51	136.68	128.33

Latest prices were unavailable for this edition. Markets closed June 23:Finland & Sweden.